Retirement Investors: These 3 Stocks Pay Up to 9.25% Dividends

Description

Looking to the future isn't an easy task. Many investors open RRSPs and then underfund them, failing to account for emergencies, inflation, or any one of the many things that can go wrong in later life. The better investors get into stocks, though, as well as other assets. Dividend stocks are a great choice, not only for RRSPs and RRIFs, but also for TFSAs, because they pay you regular passive income.

While there are a lot of stocks that pay dividends on the TSX index, the really juicy ones tend to get overlooked in favour of the Big Six banks (or Big Five, depending on how you count them) and the more famous energy companies. Here are three stocks that are neither, but that pay high dividend yields and have decent multiples and robust balance sheets. This means that they are as low-risk as possible – just right for holding onto forever.

Laurentian Bank of Canada (TSX:LB)

Discounted by 28% compared to its future cash flow value, Laurentian Bank has to be in your RRSP or RRIF. It's super healthy and plays a fat dividend. This is one of the rare stocks you can buy and take your eye off, as it sits in your retirement fund making money for you.

Let's look at those fundamentals. Laurentian Bank today has a low P/E of 8.1 times earnings, matching PEG of 0.8 times growth, and a satisfyingly low P/B of 0.9 times book. In terms of growth, Laurentian Bank has a 9.6% expected annual growth in earnings. It's grown 55% in the past year and looks like it's slowing down. But this is still a great stock with perfect multiples. It's very healthy, and pays a 5.63% dividend yield, which makes for a meaty passive income for any retirement fund.

Enbridge Income Fund Holdings Inc. (TSX:ENF)

Discounted by over 50% compared to its future cash flow value, the Enbridge Income Fund is a sure contender for your RRSP, RRIF, or other retirement fund. While its P/E of 21.4 times earnings is a little high, it indicates that there is some growth on the way for this stock. The rest of its value multiples look good: a PEG ratio of 0.8 times growth, and P/B ratio of 1.2 times book.

Back to that growth: this stock is looking at an exciting 25.7% expected annual growth in earnings. This follows on from a huge earning growth spurt last year of 158.9%, so if it's a growth stock you're after, you're in luck. This one pays a whopping dividend yield 7.01%.

Gluskin Sheff + Associates Inc. (TSX:GS) isn't everyone's cup of tea, with a high P/B ratio of 4.5 times book watering down any earnings you'll get from it. Its P/E ratio of 13.9 times earnings is a bit high for the Canadian capital markets industry, but it beats the TSX. Meanwhile, its PEG of 0.6 times growth is low, considering a 21.7% expected annual growth in earnings.

Its projected return on equity in three years is a whopping 53.2% (it was 33% last year, so this looks doable). It's also debt free, and hasn't taken on any debt in five years. The main draw of Gluskin Sheff + Associates, however, is that huge dividend yield of 9.25%.

The bottom line

If you're looking to pad your retirement fund, why not go for all three of the stocks listed here? Or pick the one with the best value and get invested in just one. It pays to be diversified, however, so hold a bit of everything. If in doubt, speak to a portfolio manager or stockbroker, but just remember to do your own homework and be sure of what you want.

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1. Bank Stocks
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1. TSX:LB (Laurentian Bank of Canada)

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