Retirees: 2 Top Dividend Stocks That Pay Over 5%

Description

If you're on a fixed income and seeking ways to help generate more cash flow, investing in stocks is a good way to accomplish that. After all, you'll be lucky to earn more than 1% on a typical savings account with your bank. The key lies in finding stocks that aren't high risk and that won't jeopardize your portfolio's returns and end up using your dividend payments to offset losses in value.

There are many high-yielding stocks on the TSX, but some are much safer than others. Below are two stocks that I believe are great buys for the long term and that pay more than 5%.

RioCan Real Estate Investment Trust (TSX:REI.UN) has a large portfolio of properties that are anchored by some of the country's biggest retailers. However, the company doesn't just own and operate shopping centres; it's looking at a new model that might mean a change in how malls look today, which will result in less risk for the company and its investors.

A REIT provides investors with a great deal of stability, as the tenants provide a great deal of recurring revenue and consistency for the company. Riocan hasn't seen a lot of volatility in its top line in recent years, with sales normally around $1.1 billion. Over the past two years, the company has also averaged a very strong 68% profit margin as well.

A big benefit of a REIT is that not only do you normally get a good dividend along with it, but it is usually paid out monthly, giving you a steady stream of cash flow. You could invest your retirement money into the stock, which will provide you with an easy source of cash that you can use for your day-to-day needs.

Currently, RioCan pays more than 5.7% per year, and if you have room inside a TFSA, you could also earn the dividends on a tax-free basis.

Emera Inc. (TSX:EMA) is another stock that can offer you stability, as the utility provider has a regular stream of customers as well. Unlike RioCan, however, Emera has been able to generate significant growth in its sales over the years. From just $2.2 billion in 2013, sales have soared to over $6.2 billion in its most recent year. The company has a presence in North America and in the Caribbean as well,so there are plenty of opportunities to grow organically and via acquisition.

In the past year, the stock has declined by 9%, but the trend over the longer term is much stronger, with the share price rising more than 80% over the past decade.

Currently, Emera pays investors a dividend of 5.3% every quarter, and its payouts have grown by more than 60% since 2013 for a compounded annual growth rate of 10%. If the company can continue that rate of growth, it would take a little over seven years for payouts to double, meaning more cash flow for investors who buy and hold the stock today.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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