# Canadian Retirees: Earn Passive Income and Hedge Your Expenses With These 5 Stocks

## Description

Canadian retirees are faced with the challenge of no longer earning employment income, but still having to come up with the funding to pay for living expenses plus the threat of inflation.



One way to get around this issue is for those retirees to invest in the stocks of publicly traded companies whose earnings – and dividends – are tied to the spending patterns of the Canadian senior population.

The idea is that should retirees living expenses rise, they should at least in theory get the benefit of being shareholders of those very same companies that are seeing increased revenues.

All five companies that make this list have dividends of at least 4.77% annually, with the highest yielding 6.71% and collectively make up the core of the Canadian economy, operating in the banking, real estate, energy and utilities sectors.

**Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM)

CIBC is Canada's eighth largest publicly traded company, but only its fifth largest financial institution.

Yet what makes CM stock so appealing to investors is the company's dividend.

Among the Canadian banks, only Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is currently paying its shareholders a higher dividend.

Yet what makes CM the superior investment right now is that CM's payout ratio is slightly below that of BNS'; meanwhile, the shares are also trading at a cheaper valuation by way of the two stock's P/E ratios.

**Sienna Senior Living Inc** (TSX:SIA)

Sienna is a small-cap stock (market capitalization of $1.1 billion) specializing in seniors residences in

Ontario and British Columbia.

On October 15, it announced the declaration of its $0.0765 monthly dividend, which will be payable on November 15, 2018 to shareholders of record as at October 31, 2018.

The SIA shares are yielding 5.48% as of this writing, and the company is very well positioned to take advantage of expected growth in the demand for senior care.

Retirees also benefit from a "built-in" hedge from their investment in SIA stock, as if the cost of seniors housing were to rise, gains from their investment in SIA should help to offset at least some of this risk.

**Hydro One Ltd** (TSX:H)

Another fixed cost that retirees are faced with is that of monthly utility bills.

The issue of rising electricity prices has been particularly problematic in Ontario, where rates are higher for residents than in any other provinces after electricity rates rose more than four times the rate of inflation in the 10 years following 2006.

Hydro One shares are yielding 4.77%, but investors will get the added benefit of a relatively low risk investment and one that is available today near the stocks 52-week lows.



**Enbridge Inc** (TSX:ENB)(NYSE:ENB)

Enbridge is Canada's largest natural gas distribution provider, with over 3.5 million retail customers throughout the provinces of Ontario, Quebec and New Brunswick in addition to some customers in state of New York.

It also happens to be one of Canada's largest energy infrastructure companies and one of the largest companies listed on the TSX Index.

Shares are yielding 6.55% with the company's board of directors planning some significant increases to that payout over the next couple of years.

**Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP)

BEP stock is interesting because it's a high yield play with great growth potential.

Shares are yielding 6.71%; meanwhile, Canada has seen significant inflows into renewable projects in recent years – including significant investments on the part of some of the country's largest pension plans.

If nothing else, that should at least tell you that renewable technology won't be going anywhere anytime soon.

Retirees may not be directly exposed to renewable energy prices today; rather, an investment in BEP would act as a kind of hedge to investments in Enbridge and Hydro One.

**Bottom line**

Retirement planning requires careful attention to detail, and every investors' circumstances are unique.

However, these five companies should provide a solid foundation for investors to build their dividend retirement portfolios.

**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

**TICKERS GLOBAL**

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:ENB (Enbridge Inc.)
7. TSX:H (Hydro One Limited)
8. TSX:SIA (Sienna Senior Living Inc.)



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