



Revealing a Stock to Help Secure Your Retirement Income

Description

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a proven dividend-growth stock you can rely on to help secure your retirement income. It just gave a nice boost to its dividend per share, as it reported its Q4 and full-year 2018 results, and the stock popped over 3% in excitement.

With a new quarterly dividend of US\$0.515 per share, the stock offers a whopping yield of 7% — a perfect opportunity for investors looking to [boost their retirement income](#).

A diversified portfolio

Brookfield Renewable has a portfolio of renewable power-generating facilities diversified across geography and technology. In total, it has a generating capacity of more than 17,400 MW — 76% hydroelectric generation across 82 river systems, 20% wind generation, and 4% solar generation.

The global utility has 879 power-generating facilities across 25 markets in 15 countries. About 60% of the generation is in North America, 20% is in Brazil, and 15% is in Colombia. It also has a growing portfolio in Europe and other regions.

Recent results

Brookfield Renewable reported funds from operations growth of 16% in 2018, which was 14% on a per-unit basis. This resulted in a payout ratio of just under 91% for the year, a big improvement from last year's payout ratio of 98%.

During 2018, the company has reworked its debt so that it no longer has any material debt due until 2023. Moreover, in the process, it reduced its average interest rate to 5.4% from 2017's 5.8%.



Dividend and dividend growth

Brookfield Renewable pays a cash distribution that is similar to a dividend, except that it may comprise interest and dividends that may be taxed differently.

Brookfield Renewable is a qualified investment for RRSPs/RRIFs, RESPs, RDSPs, and TFSAs. By buying and holding the stock in those accounts, investors can ignore the potential complexities of the taxation on the cash distribution.

Since 2011, Brookfield Renewable has increased its dividend per share by nearly 53%, which equates to a compound annual growth rate of 5.42%. This includes the 5.1% hike that it just made.

The utility's three- and five-year cash distribution growth rates are 5% and 5.85%, respectively. Management aims for distribution growth of 5-9% per year.

Going forward

Management anticipates that its cost reduction efforts in the United States and Colombia will lead to savings of about US\$20 million per year, which will result in margin expansion. Further, we should see Brookfield Renewable expand its operations in Europe, India, and China over time for long-term growth.

Investor takeaway

Brookfield Renewable isn't just great for income with a current offering of a 7% yield. It also [provides stable growth of that income](#). Going forward, you can expect its cash distribution to increase by at least 5% per year. You can hold the stock in a TFSA for the juicy tax-free income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)

2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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