Forget Bitcoin! 2 Top 8%-Yielders for Amassing Profound Retirement Wealth

Description

Most securities offering yields north of 8% have a tremendous amount of baggage that the investor may end up holding.

Indeed, one has to be careful when hunting for the generous dividend-payers out there, as there are a countless number of firms whose dividend payouts are nothing more than a mirage that may turn into a modest payout that's a fraction of where it was at when you decided it'd be a good idea to pick up shares for its bountiful income payout.

Like spotting the next big multi-bagger (forget about crypto and Bitcoin), income investors have an equally tough task on their hands when it comes to mega-high-yielders. The higher risk comes with a higher reward. Instead of big capital gains like one could stand to get with high-growth plays, one could stand to lock-in a massive upfront dividend yield that could not only be sustained through decades, but could stand to grow in a way that wouldn't cause substantial financial stress to the company behind the dividend.

Consider the following three mega-high-yielders that I believe could offer investors a safe, growing +8% yield:

Inovalis REIT (TSX:INO.UN)

Inovalis is a REIT that owns properties across various hotspots in France and Germany. So, if you're at all worried about the implications from a Canadian housing market meltdown, Inovalis is a REIT option that'll allow you to sleep comfortably at night.

The main attraction of Inovalis is the REIT's massive 8.21% distribution yield, which, while seemingly unsustainable or artificially high, is actually sustainable with ample financial wiggle room, opening the door for further potential distribution hikes in the near future.

The REIT generates substantial amounts of FFO, and with the security off a measly 5% from its high, there are pretty high growth expectations for the agile, mid-cap REIT that continues to fire on all cylinders.

TransAlta Renewables (TSX:RNW)

The entire renewable energy sector is riding on a strong multi-year tailwind, thereby allowing firms like TransAlta Renewables to capitalize on lower-risk growth. This lower degree of risk allows TransAlta to stretch its balance sheet much further since forward-looking cash flows are subject to a lower degree of uncertainty relative to unregulated industries where future cash flow projections are less precise.

Most companies in unregulated industries have a bit of fog clouding the growth runways ahead of them. Excessive amounts of debt, which aim to enhance shareholder returns, only serve to compound uncertainty, potentially leading to financially fatal outcomes down the road.

TransAlta Renewables only the other hand has a runway that's free of fog with more visibility on the road ahead due to the highly regulated nature of the renewable industry. With a minimal amount of debt on the balance sheet, the company can sustain its big dividend (currently yielding 7.8%) despite the stretched triple-digit payout ratio (now at 134.3% on a trailing-12-month basis), while keeping its project pipeline full.

Management knows that cash flows are coming, and this greater visibility allows TransAlta the flexibility to better operate its business with a "tighter" balance sheet.

At just 15 times forward earnings, TransAlta is a low-cost high-yielding bargain that should not be overlooked.

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TICKERS GLOBAL

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)
2. TSX:RNW (TransAlta Renewables)

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