RRSP Investors: Here's How You Can Earn $500 a Month in Retirement Income

Description

Whether you are far from retirement or rapidly closing in on it, adding solid and generous income-paying stocks to your RRSP is a good strategy to ensure your future retirement income. And let the rewards begin right away as you re-invest tax-free dividend payments and get the compounding effect working for you early on.

In this article, I will discuss two income-producing REITS that have strong businesses that are benefiting from society's aging population trend, which is one of the biggest and most significant secular trends that exists today. They have both provided steady dividend income and rapidly rising stock prices, which have contributed to providing RRSP shareholders with explosive returns.

Chartwell Retirement Residences (TSX:CSH.UN) is the largest provider and owner of seniors housing communities from independent living to long-term care, Chartwell has been benefiting from strong occupancy levels as demand has risen steadily.

Chartwell currently offers shareholders a dividend yield of 3.93% and is coming off four consecutive years of dividend increases that have been possible because of the solid fundamentals of Chartwell's business. This positive position starts with the aging population. According to recent statistics, the next 20 years will see the number of Canadians aged 75 to 85 increase at a rate that is three to four times greater than the general population.

With increased life expectancy and a population that is wealthier than ever before, Chartwell's business is well positioned to continue to thrive. With retirement residences that offer independence, a wide array of services, and care and support when that is what is needed, Chartwell is a real and valid choice for seniors looking for solutions.

Occupancy is a key metric to pay attention to with REITs, and Chartwell is passing with flying colours, with occupancy levels that have been rising and currently stand above 90%.

Northwest Healthcare Properties REIT (TSX:NWH.UN) is also a healthcare REIT benefiting from the aging population. Northwest owns a high-quality, global, diversified portfolio of healthcare real estate properties located throughout Canada, Brazil, Germany, Australia, and New Zealand, and this gives it real exposure to the biggest demographic shift that much of the developed world is facing: the aging population.

Northwest’s dividend has been stable over the last many years, and it currently pays a dividend yield of 6.7%. The dividend is backed by a strong and growing portfolio of healthcare properties and an exceptionally high occupancy rate of 96.8% (98% on its international portfolio).

Over the last five years, Chartwell stock has returned 43% and Northwest stock has returned 21%. And this does not include the generous dividends that have been steadily coming in for shareholders.

Make $500 a month in retirement income

So, how can you make $500 a month in retirement income in your RRSP with these two stocks? Let’s assume you have $100,000 to invest. Putting $75,000 into Northwest stock will give you dividend payments of $5,000 a year, or $415 a month. Investing the remaining $25,000 in Chartwell will give you dividend payments of $981 a year, or $82 a month. Totalling Northwest’s monthly dividend payment of $415 plus Chartwell’s monthly dividend payment of $82, we have approximately $500 a month in tax-free retirement income from your RRSP.

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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