Lazy Retirees: How to Earn $15,000 a Year in Your RRSP

Description

Are you soon-to-be retired and looking for a way to generate extra income for your golden years?

If so, it pays to consider income-producing stocks.

Although part-time work can be great, you won't be able to keep it up forever, so sticking as much money as possible into income-generating investments is a no-brainer.

And if you hold those investments in an RRSP, they'll be able to grow tax-free until the day you stop working or are forced to make mandatory withdrawals.

Although you eventually pay taxes on RRSP holdings when you withdraw them, they are untaxed through the entire duration of your holding period, which can result in net tax savings–especially if you aren't earning an income when you finally do withdraw.

With as little as $250,000 invested, you can earn up to $15,000 a year tax free in your RRSP. The following are two investments that can get you there.

High-yield dividend stocks

High-yield dividend stocks are among the best income-producing investments in the world. Offering higher interest than government bonds and better returns than most corporate bonds, they're excellent for producing extra cash.

One of the best high-yield dividend stocks in Canada right now is **Enbridge Inc** (TSX:ENB)(NYSE:ENB
). Operating a 5,000-kilometer oil and gas pipeline system, the company ships 1.4 million barrels of petrochemicals a day.

Shipping millions of barrels of oil across a pipeline system costs a lot of money, and Enbridge collects all the fees. As a result, the company has grown its net income from $250 million to $2.8 billion in the span of four years.

That's significant growth; however, Enbridge's stock remains cheap because of the generally pessimistic feeling many people have toward energy stocks. As a result, its stock has a 6% yield–enough to make $15,000 a year from a $250,000 portfolio.

REITs

REITs are among the highest yield investments around. By pooling rent-producing real estate investments into a portfolio, they can pack a lot of diversified income power into a single investment.

Technically REITs don't sell shares but "units," although in practice investing in them is the same as investing in stocks.

Currently, Canada's biggest REIT is **RioCan Real Estate Investment Trust** (TSX:REI.UN). RioCan is a retail REIT that invests mainly in retail and commercial space.

In the past, the REIT came under some criticism for investing in space for big-box stores, which are slowly dying off thanks to competition from e-commerce.

However, the company is actively working on diversifying, opening residential and office projects. In the meantime, the company's units are up 10% year-to-date and pay a dividend that yields 5.54%.

All it would take is a $280,000 position to get to $15,000 in annual income from RioCan units. RioCan's distribution is also paid monthly, so you'll be getting paid more frequently than you would with most dividend stocks.

All in all, it's a solid choice for an income-oriented retirement investor.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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