



## Retirees: Create Your Own Pension With These 3 Reliable Monthly Dividend Stocks

### Description

Many soon-to-be retirees are great at saving, a habit that comes naturally to them after decades of putting money away for their golden years: where they struggle is converting that capital into a monthly income stream.

Some of the more common ways to turn a lump sum into a steady income have their own downfalls. An annuity is a hands-off solution, but you'll be stuck giving the insurance company a lot of money to get to your desired level of cash flow.

Managed funds are another option, but those often come with high fees.

I propose investors should follow a third path. It's not terribly difficult to build your own pension fund using Canada's best monthly dividend stocks.

As an added bonus, most of these companies have a history of raising their dividends faster than inflation, meaning that your purchasing power will actually increase over time.

Let's take a quick look at three of Canada's top monthly dividend stocks that could be perfect choices for a DIY pension.

### Inter Pipeline

Let's start with **Inter Pipeline Ltd.** (TSX:IPL), the owner of pipelines, natural gas processing assets, and fuel storage terminals. Inter has intentionally focused on investing in Alberta, the most oil-friendly jurisdiction in Canada, allowing it to avoid much of the drama plaguing its competition.

Inter Pipeline is well positioned to capitalize on expansion in the oil sands region. It has three pipelines that transport bitumen from assets around Fort McMurray to refineries in the Edmonton area.

These pipelines were intentionally overbuilt, and are currently running at around 50% of capacity.

Another intriguing area of growth is the company's upcoming Heartland Petrochemical Complex. The \$3.5 billion project will convert cheap Alberta propane into polypropylene, a high-value plastic used in a wide assortment of products.

When completed in 2021, Heartland is projected to add approximately \$500 million to Inter Pipeline's EBITDA.

[Dividend growth](#) might be a little lackluster while the company builds Heartland, but investors are getting a stock that yields 7.7% with a history of increasing the distribution behind it. You won't find many companies more solid than that.

## Smart REIT

**Smartcentres REIT** ([TSX:SRU.UN](#)) has transformed itself from a well-managed owner of [retail real estate](#) into a growth company with the ambition to do major development projects. These new assets should fuel growth for years to come.

The growth will be a three-pronged process. It plans to convert older retail properties into bigger mixed-use buildings, which will house retail space on the bottom with either office space or apartments on top. It also plans to develop certain assets from scratch.

Finally, it has various joint ventures with established players in other parts of the real estate sector, including senior living and self-storage.

Smart shares currently offer a 5.5% yield, a payout that has increased each year since 2013.

## Chorus Aviation

**Chorus Aviation Inc.** ([TSX:CHR](#)) operates regional flights for **Air Canada**, as well as owning an aircraft leasing business.

Let's start with the Air Canada partnership, a relationship that was recently extended through 2035. Air Canada also demonstrated its commitment to Chorus by making an investment in the company, buying nearly \$100 million worth of shares.

Investors don't have to worry about the relationship souring anytime soon. The Aeroplan saga won't be repeated here.

The part of the company that excites this analyst the most is the aircraft leasing business. An airline can expand faster if it doesn't need to spend all its capital acquiring planes.

Chorus aims to get all of the capital it invests into these leased planes by the end of the lease term. The leaser can then renew the contract or the plane can be sold. Either way, there's plenty of profit potential there.

Chorus has 56 planes leased currently, an investment worth US\$1.1 billion. It still has US\$830 million in lease revenue coming from these contracts, which doesn't even include what's been collected so far.

The company offers investors a \$0.04 per share monthly dividend, which is good enough for a 6.1% yield.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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