Retirees: 3 Stocks to Boost Your Passive Income

Description

One of the best ways to boost your passive income is to invest in companies that have a high yield. At times, this can be a risky strategy, as a high yield can be a warning sign — a sign that there are fundamental issues with the company. This can lead to a dividend cut or the full suspension of the dividend. For obvious reasons, you'll want to avoid chasing these yields.

There are, however, plenty of high-yielding stocks that provide investors and retirees with safe and reliable income. With that in mind, here are three stocks that yield above 5% and are worthy of your consideration.

NFI Group

It has been a rough year for **NFI Group** (TSX:NFI) shareholders. The company's stock price has cratered, losing 15% of its value in 2019. The company is currently dealing with two issues.

First, poor operational execution and supply chain bottlenecks have led to missed deliveries. This has been an issue for two straight quarters and has been a drag on earnings.

Second, although bookings are on the rise, management has been more cautious in its outlook. Demand still remains strong, but transit agencies are issuing smaller awards and shorter-term contracts. This has led to sector uncertainty.

It has been a slow transition towards zero emission buses (ZEB), as agencies are still trying to figure out their ZEB programs. As the market waits for it to rebound, investors can lock in a 5.84% yield.

Of note, Coliseum Capital Management LLC increased its holdings in NFI by $34 million over the past two weeks. Why is this important? It is considered an insider trade as Adam Gray, a company director, has control or direction over Coliseum Capital. This is a huge vote of confidence on behalf of the director.

Extendicare

There are fewer stocks better positioned to take advantage of an aging population. **Extendicare** (TSX:EXE) offers long-term care, retirement, and home care services. Although the company missed estimates last quarter, analysts are bullish on the company's future.

Two key profitability drivers are on the horizon — the exit of ParaMed's (it's home care services arm) BC operations and ParaMed's technology upgrade, which is moving to a new cloud-based system. Both are expected to increase efficiency and boost profitability. Since reporting earnings, analysts have upgraded their recommendations, and all three rate the company a "buy."

Extendicare currently yield's 5.80%, and the dividend appears sustainable, as it accounts for only 77% of adjusted funds from operations.

Enbridge

As the oil and gas industry has struggled to find a footing, there are plenty of bargains to be had. Case in point, **Enbridge** (TSX:ENB)(NYSE:ENB) is trading near year lows and is now offering an attractive 6.52% yield. The company is trading at only 16.41 times forward earnings and at 1.49 times book value, both of which are below historical averages.

It is worth noting that Enbridge's yield has only been this high three times over the past decade. This energy giant is a Canadian Dividend Aristocrat and one of the top dividend-growth stocks in the country. Its 23-year streak is tied for the 10th longest on the TSX Index.

Enbridge's yield is the highest among the top 10 Aristocrats and is arguably the safest of the high-yielding stocks on the index.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:ENB (Enbridge Inc.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:NFI (NFI Group)

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