Retirees: Give Yourself a Raise With These Monthly Dividend Stocks

Description

Declining interest rates have hit many seniors especially hard.

Back in the 1980s, when many of today's seniors first started saving, a GIC paid anywhere from 10% to 15% annually. No, that's not a typo. Banks really did offer such succulent returns.

Rates have been steadily dropping ever since. In the 1990s, GICs still paid high single-digit rates. Then rates dropped to the 5% range, and then even lower still. Nowadays you can get close to 3% on a GIC, but you'll have to lock up your money for five years.

There's a better way. There are hundreds of stocks in Canada – and thousands more around the world – that offer dividends higher than five-year GIC rates. Some of these stocks come with substantial capital gains potential too, making the investment even more attractive.

It gets better. Many of these stocks offer monthly dividends. And some even have a history of increasing their payouts over time, meaning it's not that hard to build a portfolio that will grow its income faster than the pace of inflation. That's a perfect solution for a retiree.

Let's take a look at three perfect monthly dividend payers, stocks that beat the pants off any GIC.

SmartCentres REIT

Real estate is a wonderful asset for retirees to own. It offers stability, ease of understanding, and, best of all, plenty of predictable monthly cash flow.

SmartCentres REIT (TSX:SRU.UN) is one of my favourite ways to own real estate. The company has focused on building retail real estate with **Walmart** as the anchor tenant. Some 25% of all rents come from the world's largest retailer, a relationship that helps SmartCentres attract other tenants as well, thanks to Walmart's consistent foot traffic.

The focus now is on the company's development portfolio, which will see it branch into other types of real estate. Projects planned include office towers, mixed-use retail, and residential property, and even forays into ventures like self-storage and seniors living. It has enough projects planned to ensure steady growth for the better part of a decade.

Meanwhile, the company pays a succulent 5.8% yield, a payout that is further buoyed by consistent dividend growth. SmartCentres has increased the distribution each year since 2014. The payout ratio is sound too, coming in at under 80% of free cash flow.

Chartwell

Chartwell Retirement Residences (TSX:CSH.UN) is Canada's largest owner of retirement homes. It owns 210 facilities, which include more than 31,000 suites. With some nine million Canadian baby boomers rapidly aging, Chartwell is poised to grow the portfolio significantly over the next couple of decades.

The market is also heavily fragmented, which gives Chartwell another interesting growth avenue. The top 15 retirement home operators own just 39% of the market. And although the company only has a small exposure to the long-term care market today, it has potential to expand further into that segment as well.

Chartwell has intentionally kept its dividend a little low; the current yield is approximately 4%. This helps it keep its balance sheet in good shape, which bodes well for further expansion. The good news is the payout has crept higher over time, posting an average growth rate of a little over 2% per year over the last five years.

Northland Power

Northland Power (TSX:NPI) is the owner and operator of some 2,400 megawatts of renewable power capacity, with projects mainly located in Canada. The majority of its assets are in wind power, but it also has a significant thermal energy operation and solar farms as well.

The company has been a great growth story since its 1997 IPO, and management continues to put the pedal down. It has 233 megawatts of wind projects in various stages of development in areas like Taiwan and the Netherlands. And it just announced a joint venture with a Japanese company to start developing wind farms off the coast of Japan. The Japanese assets will exceed 600 megawatts in power generation capacity when completed.

Northland pays a monthly dividend of $0.10 per share, which works out to an annual yield of 4.4%. It does have a history of growing the payout over time, but hasn't increased the dividend since 2017.

The bottom line

All three of these stocks offer consistent cash flow, predictable business results, and, most importantly, income that beats even the best GICs available today. That makes them an excellent choice for your retirement.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CSH.UN (Chartwell Retirement Residences)
2. TSX:NPI (Northland Power Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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