Canada Revenue Agency: 1 Important Tip for Retirees

Description

Last month, I'd discussed an important tip for TFSA investors. Interestingly, the Canada Revenue Agency (CRA) announced a change that is worth noting for investors as we look ahead to the new year. The CRA announced that the maximum pensionable earnings under the Canada Pension Plan (CPP) for 2020 will be $58,700. This is up from $57,400 in 2019. The new ceiling adjusts to the growth in average weekly wages and salaries in Canada.

In previous articles, I've talked about ways retirees can bolster their income beyond what they receive from CPP. The size of payments received by retirees from the plan will depend on the individual's earnings during their working years. Today, I want to explore how retirees can gobble up more income by snatching up stocks that pay out monthly dividends. If a retiree is setting up their TFSA to snatch up this tax-free income, it is all the better.

Two monthly dividend stocks for retirees

Cineplex (TSX:CGX) boasts a monopoly in an industry that is facing some big changes as we move into the next decade. The cinema industry has seen declining attendance over the past decade, and it is increasingly dependent upon blockbusters due to the proliferation of streaming giants like **Netflix**. Shares of Cineplex have climbed 12% over the past month as of close on December 5.

Though it has struggled, Cineplex has still achieved average annual returns of 8% over the past 10 years. This is very solid when we consider the steady flow of income it offers. What is behind the recent bump in shares? In the third quarter Cineplex reported total revenues of $418.4 million, which was up 8.3% from the prior year. Adjusted EBITDA surged 93% to $106.1 million. This was driven by growth in all the company's businesses in the quarter and a 1.8% jump in theatre attendance over Q3 2018.

Cineplex announced a November 2019 distribution of $0.15 per share late last month. This monthly dividend payout represents a tasty 7.1% yield.

The energy sector has had its share of struggles since the oil price collapse of 2014-2015, but there are still reliable options for income investors. **Freehold Royalties** (TSX:FRU) is one of the best of those options available on the TSX. The company's objective is to deliver growth and low-risk returns to shareholders over the long term by acquiring and managing oil and gas royalties.

In the third quarter, Freehold reported royalty production that was mostly flat quarter over quarter. Funds from operations and free cash flow totalled $28 million, or $0.24 per share in Q3 2018. This more than covers Freehold's dividend payout $0.1575 per share in the quarter. The company aims to boost its per-share growth going forward by enhancing third-party drilling into the 2020s.

Freehold currently boasts a monthly dividend payout of $0.0525 per share. This represents a monster 9.3% yield.

Both equities have potential to provide a nice tax-free income boost for retirees if purchased within a TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:FRU (Freehold Royalties Ltd.)

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