CPP Pension Users: How to Comfortably Retire With High-Yield Dividend Stocks

## Description

Who says you need to be a millionaire to retire? As long as you generate enough income for your needs, you don't necessarily need to accumulate +$1,000,000 to enjoy a happy retirement. Don't forget that CPP pension and OAS payments will supplement your dividend income.

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How much do you really need to comfortably retire? It's a different number for everyone. You can estimate your spending, including vacations and medical fees, for the whole year and divide it by 12 to estimate your average monthly expense.

The dividend income you receive must be sustainable and 100% secure for you to feel at ease in retirement — no matter what the market does.

Here are some high-yield dividend stocks that offer safe income.

# H&R REIT

**H&R REIT** (TSX:HR.UN) pays a monthly cash distribution that's supported by a payout ratio of 79%. The payout ratio seems high but is a normal phenomenon for REITs.

This month, the diversified REIT renewed its normal course issuer bid, such that it can buy back about 5% of its outstanding shares in the open market for cancellation.

It's a great time for it to perform buybacks because the stock has retreated about 10% from its high, making it a much more attractive income stock than before. Whereas it yielded 6% before the drop, it now yields 6.6% — a 10% income increase!

By fair value, H&R REIT has 43% of its real estate portfolio in office properties, 30% in retail, 20% in residential, and 7% industrial. Currently, it primarily focuses on active development in the U.S. residential industry, which is a great growth area.

H&R REIT is a good buy now. Should the stock drop below $20 per share, it'd be an even better buy for a bigger yield of +6.9%.

## Enbridge

Since acquiring and finally fully integrating Spectra Energy, **Enbridge** (TSX:ENB)(NYSE:ENB) stock has regained its footing, reducing its leverage ratio from six times to 4.6 times. Impressively, over the period, it also increased its dividend by 50%, including the most recent dividend hike of 10%.

Enbridge now offers an annualized payout of $3.24 per share for a safe yield of 6.4%. Don't be discouraged by its yield that's lower than H&R REIT's; Enbridge will deliver greater growth.

In fact, Enbridge estimates distributable-cash-flow-per-share growth of 5-7% per year from network optimization, self-funded growth, and $11 billion of commercially-secured projects through 2022.

Even assuming just 5% growth per year, buyers of ENB stock today will be sitting on a yield on cost of about 8.2% by 2025. This kind of inflation-beating growth and predictability is very compelling for retirees that want to sit back and collect passive income.

Additionally, unlike H&R REIT's cash distributions, Enbridge's dividends are eligible for the dividend tax credit. So, retirees can feel free to hold Enbridge shares in a non-registered account and expect very low to no taxes on the dividends.

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2. TSX:ENB (Enbridge Inc.)
3. TSX:HR.UN (H&R Real Estate Investment Trust)

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