Retirees: These 3 Stocks Pay Cash Every Month of the Year

Description

One issue with regular stocks is they only pay dividends four times a year. However, important obligations like utility bills, mortgage payments, or grocery expenses tend to come up much more often.

For some retired investors, this distinction doesn't matter that much. They might withdraw from their investments once or twice a year using other sources of income — such as CPP and OAS payments — as their primary way to pay the monthly bills.

Others, however, like the security of monthly dividend payers. There are hundreds of these securities here in Canada, which should make building an income portfolio with 12 payouts per year pretty easy. But many investors suffer from too much choice. They simply don't know where to begin.

We can help. Here are three terrific stocks that offer sustainable monthly dividends.

Pembina Pipeline

Pembina Pipeline Corporation (TSX:PPL) is one of Canada's largest energy service companies. It owns oil pipelines, natural gas pipelines, and natural gas processing assets, and much more.

It also has a liquefied natural gas export terminal under construction. In total, its system moves or processes more than 3 million barrels of oil equivalent each day.

The company has quietly been a growth machine over the last couple decades. Total processing capability has grown some six-fold since 1999 as the company has both developed a plethora of new assets and acquired more.

The company's adjusted EBITDA should come in around $3.5 billion in 2020; it was $1.2 billion just four years ago.

Pembina pays a $0.21 per share monthly dividend, good enough for a 5.02% yield. The distribution is secure, with the payout ratio at well underneath 60% of distributable cash flow. In fact, Pembina's payout ratio is under 80% of its fixed fee income alone, giving investors an extra sense of security.

Extendicare

As baby boomers continue to age, there's a giant population glut that will need some sort of long-term care. That's great news for **Extendicare** (TSX:EXE), one of Canada's largest owners and operators of long-term care facilities. The portfolio includes 118 long-term care and retirement residence facilities and a large home health division.

Long-term care is a dependable business with low vacancy rates and funding from the government, ensuring plenty of predictable cash flow. Operators can generally count on funding to slowly increase along with inflation.

The real growth potential is in retirement residences, which make up approximately 10% of Extendicare's portfolio today. The company continues to build new homes, which are slowly adding to the bottom line.

It also holds the potential to manage additional homes for other investors who are mostly concerned with owning the underlying real estate.

Extendicare's $0.04 per share monthly dividend translates into a 5.8% yield, a payout that is well covered by the company's cash flow. It's a solid, stress-free income stream that won't keep you up at night.

Plaza Retail REIT

Plaza Retail REIT (TSX:PLZ.UN) owns commercial property primarily in the eastern part of Canada. It owns 275 different properties spanning nearly nine million square feet of gross leasable area.

It has been a serial acquirer of assets, using acquisitions and its own internal development program to increase the size of the portfolio by some 60% since 2012.

Shoppers Drug Mart is Plaza's largest tenant, with some 25% of total rents coming from the leading pharmacy chain. This isn't such a bad position to be in; these are long-term businesses with plenty of predictable cash flow. People aren't about to skip taking their medicine.

Plaza shares also trade at a discount to many of its peers. It should generate $0.40 per share in funds from operations in 2019, putting shares at just over 11 times the REIT's equivalent of earnings. Many of its peers trade for 14-16 times funds from operations.

The company pays a solid $0.02333 per share monthly dividend, a payout that translates into a solid 6.2% yield.

The bottom line

Pembina Pipeline, Extendicare, and Plaza REIT all offer succulent yields and payouts investors can count on over the long term. If you're looking for a monthly dividend stream, these companies would be a great start.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:PLZ.UN (Plaza Retail REIT)
3. TSX:PPL (Pembina Pipeline Corporation)

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