Retirement Income: Give Yourself a Raise With These 2 Stocks

Description

It has been a challenging environment to get retirement income in recent years. Bond yields are at rock bottom, paying out anywhere from 1% to 2% for ultra-safe bonds and bank accounts. Certainly, you can find investments that allow you to squeeze out an extra half percent or so, but even those are not going to give you much more than slightly inflation-beating 2% on your cash.

If you are a retiree seeking income from your investments, you would need to have a pretty sizable nest egg to make retirement comfortable. If you had $2 million in invested assets, for example, you would only generate $40 000 a year on that 2% interest rate. That's pretty pathetic.

But if you are willing to go out a little further on the risk curve with some of your cash, you might just be able to make up a bit of lost ground. This article has a couple of suggestions for you if you want to squeeze out a little extra income from some of your funds and maybe even earn some capital gains along the way.

Alaris Royalty (TSX:AD) is a high-yielding Canadian stock that just might be a great choice for some of those retirement funds. The royalty company has a diversified portfolio of income streams that give investors exposure to a variety of business sectors.

These companies are frequently smaller companies that seek non-debt funding for a variety of purposes. The business spans a range of sectors, such as healthcare, construction, technology, and more. After a period of consolidation, Alaris stock has begun to climb once again.

Even with the recent capital gains, this stock still pays a monthly dividend yield of more than 7%. This dividend is supported by the company's solid free cash flow. Alaris seeks to target organic revenue growth of 3-5% per year, further supporting this dividend payout.

You do not have to stick with smaller companies to get a substantial dividend. **Enbridge** (TSX:ENB)(NYSE:ENB) is another company with a diversified business and a substantial dividend. The pipeline operator has a diversified business model and a variety of income streams to support its dividend payout and growth.

Although the dividend is sitting at a now paltry 5.81%, you are getting hefty growth from this generational income provider. Enbridge has raised its dividend for decades and is likely to have a lot more dividend increases coming down the pipeline.

Over the past several years, those dividend increases have gone up by double digits in the range of 10-15%. While they are expected to slow down a bit in the coming years to around 5%, you are still getting an inflation-beating income stream.

Another benefit to the company is the fact that it is becoming quite environmentally responsible. Although it has long been a pipeline company, Enbridge is also building multiple wind power projects and has a strong focus on its natural gas supply network and utility company

Retirement income for your golden years

If you took even a portion of your retirement funds and bought these stocks instead of investing in cash, you would greatly increase your annual income. Even if you put $20,000 into these two investments, your yield would go from $400 a year at 2% to $1,300 at 6.5%. That is the power of buying high-yield stocks. You also have to consider that these stocks have the potential for capital gains and dividend increases over time in addition to tax advantages.

Before you buy, you want to make sure that you only purchase the number of stocks that is comfortable for you. Stocks are volatile. Both of these companies have experienced pretty significant volatility in recent years, so you need to be able to ride it out. If you are looking for solid income, though, buy these companies to boost your retirement income generation now.

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