

Retirees: Create Your Own Pension With These 3 Monthly Dividend Powerhouses

Description

When it comes to creating income during retirement, most Canadians embrace a do-it-yourself approach. The only pension these folks are getting is the <u>Canada Pension Plan</u>, which isn't nearly enough to provide for their golden years.

You're forced to take a different approach and create your own pension. Investors can do this by either buying a portfolio of dividend-paying stocks or outsourcing the whole exercise to some fund manager.

But there's a major issue with that second approach. Fund managers often charge 1-2% worth of assets annually to manage the fund. That's a major drag on long-term returns. Investors would be better off to put their cash in individual stocks — or a low-cost ETF — and save the management fee. Remember, a 1% management fee on just \$500,000 worth of assets translates into \$5,000 per year in fees.

Let's take a closer look at three monthly paying dividend stocks that would be perfect if you're looking to create your own pension.

Morguard Residential

Certain parts of the real estate sector are getting killed, as investors worry about the future of retail and the office. But we all agree on one thing: we still need places to live.

Morguard Residential REIT (TSX:MRG.UN) owns more than 12,000 apartments across Canada and the United States. Approximately one-third of the portfolio is located in Ontario, with a focus on the Toronto area. Occupancy is consistently above 95% and the company has reported strong rent collection for April and thus far in May, too.

Despite the solid portfolio, Morguard's shares are quite cheap. The stock trades at approximately halfof book value and less than 12 times trailing funds from operations. That's a much better value than its peers. This recent weakness has pushed up the yield into the 5% range, which is much higher than the average yield over the last few years.

Another thing that makes Morguard Residential a great stock to create your own pension stock is it regularly delivers dividend increases. The payout has been hiked consistently since 2015. And with a payout ratio of approximately 55%, the dividend is safe.

TransAlta Renewables

Another great asset class to own if you're looking to create your own pension is utilities. There are few more predictable sectors.

TransAlta Renewables (<u>TSX:RNW</u>) is one of my favourite utility stocks today, because of its focus on greener power sources, its solid growth potential, and its conservative balance sheet. It also has the right of first refusal for any assets put up for sale by its parent, **TransAlta Corporation**.

The company was a solid growth stock for a number of years before pausing to digest its various acquisitions and growth projects. That should change this year when a couple of new projects go online — assets that will add to the bottom line. In other words, the company's 6.8% dividend looks to be even safer. Heck, investors might even be treated to a dividend increase.

TransAlta Renewables hasn't missed a dividend since its 2013 IPO. That's the kind of record you want to see when building your own pension.

Shaw Communications

In today's trying times with many folks still under voluntary lockdowns at home, it's not so bad being a cable TV and internet operator. The last thing anyone is going to do today is cut those services. This alone makes **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) an interesting choice today.

These are wonderful businesses that feature a sticky customer base, excellent margins, and the ability to pass on price increases. Shaw is also diversifying into the mobile phone business, intentionally taking a lower margin to help grow its presence. There's nothing wrong with that strategy over the long term.

Like many other stocks, Shaw is a little beaten up on general market weakness. That has pushed this dividend stalwart's yield up to 5.3%, which is an excellent payout. After years of consistently hiking its dividend, Shaw is focused on keeping the payout steady, choosing instead to invest its excess cash into growth.

Eventually, the growth will mature, and Shaw will start raising dividends again.

The bottom line

It doesn't have to be hard. You can create your own pension by putting cash to work in Shaw Communications, TransAlta Renewables, and Morguard Residential REIT. Take control of your retirement income needs today.

CATEGORY

- 1. Dividend Stocks
- 2. Investing

TICKERS GLOBAL

- 1. NYSE:SJR (Shaw Communications Inc.)
- 2. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)
- 3. TSX:RNW (TransAlta Renewables)
- 4. TSX:SJR.B (Shaw Communications)

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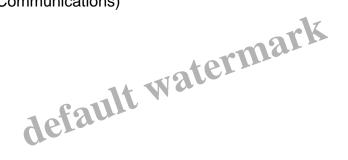
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