



Retirees: How to Earn \$500 a Month in Dividends With Less Than \$100K in Savings

Description

Quality dividend stocks can provide investors with a recurring stream of cash flow, which may be helpful for retirees. These payouts will help them supplement other retirement benefits, such as the Canada Pension Plan and Old Age Security.

Here, we take a look at three dividend-paying stocks that have attractive dividend yields. These companies are good investments with strong balance sheets and robust cash flows.

First National Financial

First National Financial ([TSX:FN](#)) is Canada's largest non-bank provider of single-family residential mortgages. It offers a range of mortgage solutions and works exclusively with mortgage brokers.

The stock is currently trading at \$30.67, which is 32% below its 52-week high. First National is underperforming the broader equity market due to Canada's rising unemployment rates, which increases the risk of mortgage defaults amid a slowing macro environment and fears of an economic recession.

The recent pullback has meant First National has a forward dividend yield of 6.4%. It pays [a monthly dividend](#) of \$0.1625 per share. So, if you invest \$30,000 in this stock, you can buy approximately 978 shares and generate \$159 in monthly dividends. Despite recent weakness, FN stock has returned over 50% to shareholders via capital appreciation since June 2015.

Pembina Pipeline has a dividend yield of 7.2%

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is a leading energy infrastructure company in North America. It has a diverse and integrated base of assets to transport commodities. The company also has a track record of profitable growth. Its strong balance sheet as well as a prudent approach to capital allocation has attracted investors over the years.

Pembina began paying dividends in 1997 and has since paid \$8.5 billion in dividends to shareholders. Pembina stock is trading at \$35.12, which is 35% below its 52-week high. This indicates the stock has a forward yield of 7.2%.

Pembina pays a monthly dividend of \$0.21 per share. This means if you buy 854 Pembina shares for \$30,000 you can generate \$179 per month in monthly dividend income.

The energy infrastructure giant has slashed its investment program for 2020. It reduced capital spending between 40% and 50% compared to its earlier forecast. This decision will help Pembina boost short-term liquidity and maintain dividend payouts.

TransAlta Renewables has a dividend yield of 6.4%

Shares of renewable energy company **TransAlta Renewables** ([TSX:RNW](#)) are trading at \$14.78. It has lost 19% since the stock touched a record high of \$18.25 in early 2020. In the March quarter, TransAlta reported revenue of \$110 million, down 13.4% year over year.

However, adjusted funds from operations remained flat at \$94 million. TransAlta announced a quarterly dividend of \$0.23 per share. This indicates a forward yield of 6.4%. So, if you buy 2,029 shares of TransAlta Renewables, you will generate \$467 in quarterly dividends, or \$156 in monthly dividends.

TransAlta is somewhat [recession proof](#) and is also part of a rapidly expanding market. Its tasty dividend yield and expected growth in the upcoming decade, make TransAlta an ideal bet for long-term investors.

The Foolish takeaway

In total, investing \$30,000 in each of these stocks will generate monthly dividends of almost \$500. These figures can increase over time once the economy rebounds and the companies increase dividend payouts.

The three stocks have strong fundamentals making a dividend cut unlikely. Further, investors with a long-term horizon stand to benefit from capital appreciation as well.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)

2. TSX:FN (First National Financial Corporation)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:RNW (TransAlta Renewables)

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