4 Top TSX Income Stocks for Retirees

Description

What kind of stocks should retirees invest in? In my view, stocks that are stable and that pay dividends on a consistent basis would be suitable for them. So, I have filtered out four top **TSX** income stocks with premium yields that pay monthly dividends. Retirees can consider these to generate a passive-income stream.

Chemtrade Logistics

Chemtrade Logistics (TSX:CHE.UN) is a chemical and services company that primarily serves North America. It has a diverse product portfolio and is the biggest supplier of sulfuric acid in North America.

A $500 million company, Chemtrade stock has lost approximately 50% in the last 12 months.

The company trimmed its dividend by half in March, marking its first cut in the last more than 15-year period. The cut came amid the uncertainties surrounding the pandemic and lockdowns.

Now it pays a monthly dividend of $0.05 per share, representing an annualized yield of 10%.

With a juicy dividend yield and a recent steep fall in market value, Chemtrade stock looks attractive for long-term income seekers.

Northland Power

If investors want to bet on growing renewable power emergence, they can consider **Northland Power** (TSX:NPI). The company produces energy from solar, wind, biomass, and clean-burning natural gas.

TSX stock Northland Power yields approximately 4% at the moment, higher than peer TSX stocks. Its stable earnings and decent payout ratio are comforting to investors.

It managed to grow dividends by more than 2% in the last five years, largely matching inflation. A $6.5 billion renewable power player has paid consistent dividends since 1998.

Northland Power stock has soared more than 20% so far this year. Despite its recent rally, the stock is fairly valued and looks poised for further growth.

It has returned almost 80%, including dividends, in the last five years, notably beating the **TSX Index**.

Extendicare

Extendicare (TSX:EXE) is a company that provides care services to seniors in Canada. It operates through 118 owned and managed homes and serves a growing senior population in the country.

It pays monthly dividends and yields 8% at the moment. In 2020, the company plans to pay a dividend of $0.48 per share.

Thus, if an investor puts in $50,000 in EXE stock, they will receive approximately $330 per month in dividends.

It has seen slow but stable top-line growth in the last few years. The stock almost halved during the COVID-19 crash in March.

Extendicare is a slow-growing stock, and one can't expect sky-high returns in a shorter time span. However, its non-cyclical nature of the business makes it an attractive bet in market downturns.

Exchange Income

The $920 million **Exchange Income** (TSX:EIF) is an acquisition-oriented company mainly targeting two segments: manufacturing and aviation.

It buys companies that are profitable in niche markets and have strong growth potential. The company has completed 15 acquisitions in the last 15 years.

Exchange Income offers a yield of 8%, significantly higher than that of broader markets. It is expected to pay a monthly dividend of $0.19 per share, annualized to $2.28 per share in 2020.

Notably, the company has managed to increase dividends in the last nine consecutive years.

Despite its recent rally, the stock is still trading 40% lower to its pre-pandemic levels. The weakness is evident, given the risks in the aviation sector at the moment.

However, I think EIF stock is comparatively well placed due to its discounted valuation and diversified operations in niche markets.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:EIF (Exchange Income Corporation)
3. TSX:EXE (Extendicare Inc.)
4. TSX:NPI (Northland Power Inc.)

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vinitkularni20