



Retirees: Boost Your Passive Income With These 3 Monthly Dividend Stocks

Description

Amid the low interest rate environment, the returns on debt instruments have become unattractive. So, retirees can create a stable income by investing in monthly dividend-paying stocks. Keeping the retirees' low-risk appetite, here are the three stocks with yields better than debt instruments and limited downside risks.

TransAlta Renewables

The world is quickly moving towards renewable energy sources amid the rising concerns over pollution. So, being an early mover in the segment, **TransAlta Renewables** ([TSX:RNW](#)) could benefit from this shift.

Currently, it [owns and operates](#) 23 wind facilities, 13 hydro facilities, seven natural gas power plants, and one solar power plant. The company generated 57% of its cash flows from renewable sources, while non-renewable resources generate 43%.

Meanwhile, TransAlta Renewables sells the power generated from its facilities through long-term PPAs (power-purchases agreements). The weighted average contract life of these agreements currently stands at 11 years. So, its earnings and cash flows are mostly stable.

Since 2014, the company has consistently grown its cash available for distribution. For 2020, the company's management expects its cash available for distribution to come in between \$300 million and \$330 million compared to \$293 million in 2019. Given its highly contracted business model and strong balance sheet, [the company's dividends are safe](#).

It has announced dividends of \$0.07833 per share for October, which represents an annualized payout of \$0.94. Currently, the company's dividend yield stands at an attractive 5.6%.

Shaw Communications

With telecommunication services becoming an essential part of our digital ecosystem, I choose **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) as my second pick. With more people preferring to work and learn from their homes, the demand for high-speed connections has increased. To meet the customers' needs, the company has launched Fibre+ Gig Internet service, which provides faster and reliable service.

In July, the company had launched Shaw Mobile in Alberta and British Columbia, which delivers the customers a WiFi experience even on the go by automatically connecting to the thousands of hotspots across Western Canada. This initiative could save customers on their wireless data bills. So, the company's growth prospects look healthy.

Amid the pandemic, its top line had declined by 0.8% in the quarter that ended in May. However, the company's cash flows were strong, with free cash flows of \$221 million, representing year-over-year growth of 27%. At the end of the quarter, its liquidity stood at \$1.5 billion, with \$650 million in cash. So, Shaw Communications has adequate liquidity to fund its growth initiatives and also pay dividends.

The company pays monthly dividends of \$0.099 per share, representing an annualized payout of \$1.18. Currently, its dividend yield stands at 5.4%.

NorthWest Healthcare Properties

My third pick would be **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)), which focuses on healthcare real estate investments in seven countries. The company currently owns and operates 189 properties covering 15.3 million square feet. Its current occupancy rate stands at 97.4%, with a weighted average lease expiry of 14.6 years.

Further, 80% of the company's customers have the governments' backing, while 75% of its rent is indexed to inflation, which is encouraging. In July, NorthWest Healthcare's rent collection stood at 97.2%. The company has also strengthened its balance sheet by divesting its non-core assets. So, given high occupancy and collection rate and longer weighted average lease expiry, I believe the company's dividend payouts are safe.

For October, NorthWest Healthcare has announced monthly dividends of \$0.067 per share. Currently, the company's dividend yield stands at a juicy 7%.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

3. TSX:RNW (TransAlta Renewables)
4. TSX:SJR.B (Shaw Communications)

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