



Build a 2nd Pension With These Excellent Dividend Stocks

Description

“The more, the merrier.” You can say that about a lot of things, and money is foremost among them. That’s true no matter which life stage you are at, but it’s especially true when it comes to retirement. When you have all the time in the world, you should (ideally) also have enough money to spend your golden years comfortably.

One important rule of retirement financials is that you have to lean lightly on your depletable resources — i.e., cash or assets that you have to liquidate. The more you can rely upon pensions that will last you till your last days, the better. As a retiree, you will most likely have the “official” pension through a combination of federal and provincial pensions. But you can also start a second one with the right dividend stocks.

A propane company

Superior Plus ([TSX:SPB](#)) is one of the largest propane (and its distillates) distributors in North America and the largest in Canada. It dominates more than one-third of the total propane market in the country and is rising in ranks across the border as well. The revenue is quite evenly distributed (regionally), with 55% of it coming from the U.S. and the remaining from within the country.

As a retiree, you might be more interested in the company’s dividend potential. Despite the fact that the company is currently trading at an 8.6% premium to its pre-pandemic value, the company is offering a generous 5.2% yield. The 124% payout ratio, which is quite stable considering its historical payout ratios, makes the dividend stock even more attractive.

A REIT

Despite offering some of the best yields in the TSX, REITs command a relatively small pool within the aristocrats. And from that select group, [one REIT](#), the **SmartCentres REIT** ([TSX:SRU.UN](#)), stands out for multiple reasons. One of the reasons is its powerful 5.8% yield. It was considerably more attractive a year ago when the stock was still far below its pre-pandemic valuation.

But even now, when SmartCentres stock is just 2% away from hitting the pre-pandemic highs, the yield and the REIT's history of growing payouts are enough to get it a position in your dividend portfolio that is expected to act as your second pension. It's a very stable REIT as well, with an impressive portfolio and stable long-term financial potential (which endorses the sustainability of the dividends).

A senior housing company

One of the best dividend stocks you can invest in as a retiree is, ironically, a [senior housing company](#). **Sienna Senior Living** ([TSX:SIA](#)) is based in Markham, and Ontario is where the bulk of its properties are located. The other province the company has a presence in is British Columbia. The company has an impressive portfolio of 83 properties worth about \$1.6 billion. The company has been operating for about 49 years.

Sienna offers a mouthwatering 6.5% yield. The payout ratio is abnormally high, but it seems to be the norm with this company. Still, it's by default a financially stable business, and unless the company's senior "enrollment" comes down too much, the company will most likely stay profitable enough to sustain its dividends for the foreseeable future.

Foolish takeaway

When you are planning on starting a passive-income stream that can act as your second pension, [your TFSA](#) should be the place for it. A second pension coming out of a TFSA would be a powerful way to counteract the tax burden created by your primary pension (taxable income) while still meeting your retirement income goals.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SIA (Sienna Senior Living Inc.)
2. TSX:SPB (Superior Plus Corp.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamothonman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/07/19

Date Created

2021/11/06

Author

adamothonman

default watermark

default watermark