



## The 3 Best Retirement Stocks to Earn \$250 in Monthly Income

### Description

Are you retiring in 2022? If you have a \$50,000 lump sum maturity coming up, you can support your retirement with a \$250 monthly [passive income](#). The recent dip in the stock market pulled down real estate and telecom stocks. They are known for paying regular dividends and distributions.

### The way to tax-free retirement income

REITs enjoy [special tax treatment](#), because they pass on a significant portion of their rental income to shareholders as distributions. These distributions are taxable, but not if you invest in REITs through the Tax-Free Savings Account (TFSA). The Canada Revenue Agency (CRA) exempts any TFSA investment income (capital gain, interest, dividend, and distribution) from tax. But if these distributions are from a foreign property, they are taxable, even in the TFSA.

I have identified three stocks that could give you a \$250 retirement income that you need not report in your tax filing.

- **SmartCentres REIT** ([TSX:SRU.UN](#))
- **Melcor REIT** ([TSX:MR.UN](#))
- **BCE** ([TSX:BCE](#))([NYSE:BCE](#))

### Retirement with REIT: SmartCentres

Retirement reduces your risk appetite, as your working income has paused. You can't afford to lose your savings. SmartCentres REIT would ensure you don't lose your principal amount. There might be a 10% fluctuation in the principal amount, but it will give you a regular monthly income from the rent on retail stores.

SmartCentres has retail stores and offices in the most prime location in Canada: the Greater Toronto Area. It not only enjoys the premium of prime location, but a significant portion of its retail rent comes from **Walmart** and Walmart-anchored stores. This gives SmartCentres a cushion to survive the

economic crisis while maintaining its distribution level.

The REIT has over 14-year history of paying regular distributions, with no distribution cuts in the 2009 crisis, nor in the 2020 pandemic crisis. Walmart is also immune to a recession, which makes SmartCentres resilient to a recession. In the latest stock market selloff, SmartCentres stock dipped 12%, inflating its distribution yield to 6.37%.

Of your \$50,000, I suggest you invest \$22,000 in SmartCentres and lock in a monthly passive income of \$115.5. As its distribution comes from rental income from Canadian properties, the distribution will be tax free in the TFSA.

## Retirement with REIT: Melcor

Unlike SmartCentres, commercial property REIT Melcor is risky, as it does not have any Walmart-like cushion. But it has a strong backing of **Melcor Developments**, which has been building properties since 1920. Melcor REIT is a spin-off of Melcor Developments. The REIT acquires, manages, and leases office, retail, and industrial properties in Western Canada.

Mecor REIT almost halved its distribution in May 2020, as the pandemic shifted offices to home. However, it is making up for the distribution cut, as people return to offices in the post-pandemic world. It has [boosted the distribution](#) twice in 15 months to \$0.04 per month, but it is still 29% below the pre-pandemic level. I do not expect any distribution cuts in a mild recession. But if a recession prolongs and puts many companies out of business, another distribution cut is possible.

Melcor compensates investors for this risk with a higher yield of 6.9%. I suggest investing \$6,000 in this risky asset, locking in a \$34.5 monthly income.

## BCE stock

Putting all your retirement money into real estate could be risky. You should diversify. In the digital age, BCE is a perfect fit for a stabilized income. BCE stock is not volatile, which means your principal would remain stable. But the biggest benefit this diversification offers is a 5% annual growth in dividend income.

BCE transfers a portion of its subscription revenue from wireless and wireline services as dividends. It is rapidly expanding its 5G infrastructure which will bring new subscriptions. The current market selloff has pulled the stock down 7%, creating an opportunity to lock in a 5.36% dividend yield.

While the above two REITs give monthly distributions, BCE gives quarterly dividends. A \$22,000 investment in BCE can give you \$295 every quarter.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:MR.UN (Melcor Real Estate Investment Trust)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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