



3 Top Dividend Growth Stocks for Retirement Income

Description

Canadian Natural Resources Ltd. ([TSX: CNQ](#))([NYSE: CNQ](#)), **BCE Inc.** ([TSX: BCE](#))([NYSE: BCE](#)), and **Agrium Inc.** (TSX: AGU)(NYSE: AGU) are stable, industry-leading companies that income investors can count on for long-term dividend increases.

Retirees are having trouble finding investment income that is safe. With interest rates at near-zero levels investors are turning to dividend-paying stocks to get the returns they need to supplement their pension income.

Here's why I think income investors should consider Canadian Natural Resources, BCE, and Agrium as top picks for their retirement portfolios.

Canadian Natural Resources Ltd.

Canadian Natural Resources owns a world-class portfolio of energy assets that are positioned to pump out massive amounts of free cash flow for decades.

The company has a low-risk mix of heavy oil, light oil, natural gas, and oil sands mining properties along with state-of-the-art upgrading facilities.

Canadian Natural maintains a 100% ownership position in most of its assets. This gives the company the flexibility it needs to shift capital to the most profitable projects in a timely and efficient manner. This is important because oil and gas prices can be volatile.

Canadian Natural has more than doubled its dividend in the last two years. The current quarterly payout of \$0.225 yields about 2%. However, investors shouldn't be deceived by the low yield.

Canadian Natural is gushing free cash flow at record levels and shareholders should continue to see significant hikes in the dividend as production increases at the various oil and gas properties.

The company also bought back more than 8 million common shares in the first six months of 2014.

BCE Inc.

Canada's largest communications company has been a favourite with income investors for decades and the company is still one of the safest and most reliable stocks to own in a retirement income portfolio.

BCE is a very different company today than it was 25 years ago. As technology has advanced, BCE has upgraded its networks to provide customers with a complete package of communications and entertainment products and services.

BCE customers can buy equipment at the retail locations, order entertainment services via satellite or broadband Internet and communicate using any digital platform they choose across BCE's advanced wireless and wireline networks.

BCE pays a dividend of \$2.48 that yields about 5%. Regular dividend increases should continue at a healthy rate.

The 2013 acquisition of Astral Media is already adding significant free cash flow and the 2014 privatization of **Bell Aliant Inc** will make even more cash available for distribution to BCE's shareholders once the deal closes.

Agrium Inc.

Agrium is king of dividend growth. The company has increased the dividend it pays to shareholders by 1,364% in just the past three years.

The current dividend of \$3.00 per share (paid in U. S. dollars) provides a yield of about 3.2%.

Free cash flow at Agrium should start increasing at a fantastic rate in the next year or two and shareholders could see the rate of dividend growth continue.

Agrium is completing a huge \$2 billion expansion at its Vanscoy potash mine. The completion of the project means the company will now have extra cash available for share buybacks and dividend hikes.

The 40% increase in production at the Vanscoy mine is also well timed as wholesale potash prices have likely bottomed.

Finally, Agrium's retail division provides great cash flow stability when wholesale crop nutrient prices are volatile.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CNQ (Canadian Natural Resources)

3. TSX:BCE (BCE Inc.)
4. TSX:CNQ (Canadian Natural Resources Limited)

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