The Simple 3-Stock Retirement Portfolio for Everyone

Description

As so many Canadians head into retirement, they face a plethora of options. Unfortunately, this can be counterproductive, as many investors will simply be confused. Worse still, many of these choices come with high fees.

But when faced with these problems, the simple solution is usually the best one. More specifically, if you're willing to hold a few solid dividend-paying companies, you can save yourself from the more complicated strategies. You can also keep the fees that financial advisors want to take from you.

Below we take a look at three such companies.

1. Canadian National Railway

Canadian National Railway Company (TSX: CNR)(NYSE: CNI) has been around for nearly 100 years since its creation in 1919. And there's no reason to believe it won't be around for another century.

There are a few very simple reasons. One, railroads face limited competition (there are only six major carriers in North America), and barriers to entry are insurmountable. So there's practically zero threat of new competitors emerging – the cost of laying down track is just too great.

Secondly, CN Rail is easily the best-managed railroad company out of these carriers. Its operating ratio, which measures expenses as a percentage of revenue, is consistently lower than its peers.

Finally, CN has the best track network of any carrier. It's the only one that reaches all three coasts (West Coast, East Coast, and Gulf Coast), and importantly it bypasses the congested Chicago hub. So investors can sleep easily, knowing that CN will continue to deliver – for both customers and shareholders – for decades.

2. TransCanada Corporation

Canada is not short of companies in the energy sector. But most of these companies are not suitable for your retirement portfolio. As shown recently, these companies can suffer greatly when energy prices are depressed, and share prices can be very volatile. Dividend cuts are not uncommon.

But there's one name that's much more reliable: **TransCanada Corporation** (TSX: TRP)(NYSE: TRP). TransCanada has made plenty of headlines in recent years, thanks to its controversial Keystone XL pipeline project. But beyond the noise, there's a lot to like about the company.

Rather than produce, TransCanada transports oil and gas to markets. This means its infrastructure is mission-critical for its customers, resulting in very smooth revenue for many years.

If you're still sceptical, TransCanada's dividend has gone up by 140% since 2000, and has never been cut during that stretch. Not even during the economic crisis, when oil traded below $40 per barrel.

3. CIBC

Speaking of sceptical, many investors are still wary of **Canadian Imperial Bank of Commerce** (TSX: CM)(NYSE: CM), known as the bank "most likely to run into a sharp object."

But after numerous mistakes over many decades, CIBC is simplifying itself dramatically, focusing on Canadian retail banking. As a result, its profitability and capital ratios consistently rank higher than its peers. And the company still pays out less than half its earnings to shareholders, so there's plenty of room for dividend increases in the years ahead. That should be perfect for any retiree's portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TRP (Tc Energy)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:TRP (TC Energy Corporation)

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date
2025/09/13
Date Created
2014/11/25
Author
bensinclair