



3 Reasons Why All Retirees Should Own Telus Corporation

Description

If you're at or nearing retirement, the time has come to switch your portfolio from speculative stocks into reliable dividend payers. And there's no better place to start than by buying **Telus Corporation** ([TSX: T](#))([NYSE: TU](#)).

Below are three reasons why.

1. The safety of the dividend

First of all, finding a reliable dividend in Canada is a tricky prospect. The biggest dividends tend to come from the energy sector, and many of these will likely be cut. Not to mention the fact that their stocks are all being hammered. Is this really what you want to deal with as you retire?

Rather, Canada's big three telecommunications providers operate in a very cozy industry, one characterized by limited competition and subscription-based revenue. As a result, earnings are far more predictable and reliable. This is perfect for maintaining a steady dividend.

And Telus's dividend has grown very impressively. In fact, it's quadrupled over the last decade. By comparison, **BCE Inc.** has only doubled its payout over this time.

2. Winning the hearts and minds of Canadians

It's too bad that the big three are not exactly loved by their customers. And the poster child here is **Rogers Communications Inc.**, a company well-known for neglecting its customers.

But Telus is much better, and this is highlighted in its annual report. To illustrate, last year Telus reported a 27% drop in its number of customer complaints, while that number increased by 26% for the industry as a whole.

And this has very tangible results. In the most recent quarter, Telus's churn rate (the percentage of wireless subscribers that cancel each month) was 0.9%, compared to 1.2% at Bell and 1.3% at Rogers. Telus also added more subscribers than its competitors.

This all means that Telus's existing revenue (and earnings) are very safe. So you really don't have to worry about that dividend.

3. Potential for growth

That being said, Canada's telecommunications industry is typically viewed as a mature market. So where's the growth going to come from?

Well, this is really more of a problem for Rogers and BCE. Because Telus has plenty of opportunities. First of all, the company's focus on wireless is a big advantage, because Canadians are using more and more wireless data. This is only set to continue, as people continue buying smartphones and tablets.

Secondly, Telus is growing its other services quickly, such as Optik TV. When putting this all together, the company has grown its subscriber base by approximately 9% over the past 12 months.

Yet more good news for the dividend.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

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