



## 1 Simple Reason Why Retirees Need to Own Rogers Communications Inc. and Bank of Nova Scotia

### Description

It's tough to be an investor looking for income these days.

As interest rates have moved lower over the last decade, the yield offered to investors has plunged as well. Gone are the days when you could expect 4-5% interest from a GIC at the bank. These days, you're lucky to be getting half that, and that's even after locking up your cash for five years.

Dividend stocks are better, but only sometimes. Many of the usual suspects have been bid up so former 4% yields have evaporated, leading to a dependable income stream of just 2-3%. That's not bad, but it likely won't get the job done for retirees who wish to collect a 4% distribution each year. The investment community has been pushing the 4% rule for years, which states retirees should do fine as long as they only withdraw 4% of their assets each year.

Thus, most retirees are seeking investments that pay generous dividends. Even if they don't yield 4% from the day of purchase, there are many Canadian stocks that can be expected to slowly grow their dividends so an investor can at least eventually enjoy a 4% yield on cost.

But who has time to wait for that? For someone entering their golden years soon, getting a 4% yield now is important. That's why I recommend retirees look at two of Canada's more dependable companies, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Rogers Communications Inc.** ( [TSX:RCI.B](#))([NYSE:RCI](#)).

### Bank of Nova Scotia

Let's face it. When it comes to their Canadian operations, our big five banks are pretty close to the same. Some might be bigger than others, but unless you really get into the details, they're all doing the same types of things and exposed to the same risks. Where they differentiate is with their foreign operations.

With the Bank of Nova Scotia, an investor is not only getting exposure to Latin America, but to pretty much the whole world. Just 35% of the bank's recent earnings came from its Canadian banking

operations, while the other 65% came from international banking, global wealth and insurance, and global markets. That kind of diversification is good, especially considering pundits everywhere are saying Canada's real estate market is in a bubble.

Plus, Bank of Nova Scotia is downright cheap. Thanks to some general weakness in the sector right now, shares are trading at just 11x earnings. For a company that analysts expect to grow earnings by about 5% in 2015, that's about as cheap as you're going to get.

Oh, and the company's 4.2% dividend has grown by 9% annually over the last decade. A high current dividend and great dividend growth –what's not to love?

## **Rogers Communications**

Although Rogers Communications has stumbled a bit over the past year, the company still looks to be a good buy for long-term shareholders.

First, Rogers has a great moat. Throughout the years, there has been the occasional rumbling that a big foreign wireless provider will eventually set up shop in Canada. And yet, it's never happened. Why? Because Rogers and its competitors are so entrenched that it would be a long journey for a new player to even make a dent in the market. So they don't even bother trying. There aren't many businesses that have that level of protection from competition.

Rogers is still the leader in wireless, and the company continues to have the finest network in Canada. It's just a matter of executing better on the little things, like customer service. The company also has a fine collection of other assets, including the Toronto Blue Jays and a piece of the Maple Leafs and Raptors. Not only have these assets appreciated considerably, but the company is able to get cheap content for its cable channels by owning the team. Look for it to be a bidder every time a Canadian sports team comes to market.

Like Bank of Nova Scotia, Rogers offers investors a great dividend with a history of solid growth. Shares currently yield 4.1%, and the growth rate over the last five years is approximately 8% a year.

## **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:RCI.B (Rogers Communications Inc.)

## **Category**

1. Bank Stocks
2. Dividend Stocks
3. Investing

**Date**

2025/07/26

**Date Created**

2015/01/28

**Author**

nelsonpsmith

default watermark

default watermark