



The First 3 Dividend Stocks I'd Buy if I Were Retiring Today

Description

Like any other working Canadian, I love to think about my retirement, even if it's a long way away. Ideally, I will own a portfolio of income-generating investments, and live a comfortable life off that income.

For anyone retiring today, this is not an easy thing to do. With interest rates so low, bonds hardly generate any income. Dividend stocks come with their own challenges—just look at how many companies have cut their payouts in the last year.

Fortunately, if you look hard enough, you can find quality dividend stocks in Canada. On that note, below are the first 3 dividend payers I'd buy if I were retiring today.

1. Telus

If you're looking for quality dividend stocks, you really have to start with the big three telecommunications providers. All of them have very stable income, thanks to subscription-based revenue. Limited competition and high barriers to entry ensure that this won't change.

Of all the players, **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) easily has the best prospects. Nearly all its revenue comes from mobile communications and Internet, both of which are growing industries as Canadians consume more and more data. This is unlikely to change anytime soon, so Telus has a very long runway for growth. In the meantime, it is very well liked by its customers, which helps the company maintain (or even steal) market share.

Telus's dividend yield is a little less than 4%, which won't get many investors excited. That said, this dividend has skyrocketed in recent years—in fact, it has quadrupled in the last decade. Such a number may be hard to achieve in the future, but I would still expect many more years of solid growth.

2. TransCanada

If you've read the newspapers, **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) must seem like a very risky stock. After all, its Keystone XL pipeline is being held up, environmentalists hate the

company, and the energy sector is struggling.

Beneath the surface, TransCanada is a very stable company. Its pipelines are critical infrastructure in energy markets and operate on long-term contracts. TransCanada also has practically no exposure to commodity prices. Better yet, recent train derailments have emphasized the need for pipelines, which benefits TransCanada in the long term.

Like Telus, TransCanada's dividend yields a little under 4%—not a particularly high number. That said, TransCanada expects its payout to grow by at least 8% per year through 2017. I expect this goal to be met, and for the dividend to keep increasing thereafter.

3. BCE

Going back to the telecoms, **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) is a great option for any dividend seeker. The company pays out practically all its earnings to investors, resulting in a juicy 4.9% yield. You're not going to find a steady company with a higher yield in the **S&P/TSX 60**.

As mentioned, Canada's telecommunications industry is very secure, meaning this dividend is very unlikely to be cut. So, even if my retirement lasts 30+ years, I would feel very secure collecting this dividend throughout.

CATEGORY

1. Dividend Stocks
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1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:BCE (BCE Inc.)
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