



## 3 Reasons Retirees Should Buy Telus Corporation

### Description

**Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) is a solid choice for pensioners who want reliable dividend payments and protection of capital.

Here's why the stock is doing so well and why it should continue to deliver excellent results.

#### 1. Customer service

The telecom industry isn't historically known for being overly customer friendly, but Telus is actually doing a very good job of keeping its customers happy and the results are showing up in the numbers.

Telus has the industry's lowest mobile churn rate, which is very important right now because the industry is in transition. Earlier this summer, three-year mobile contracts expired and customers had the freedom to walk away without being penalized. Providers had to scramble to keep people from leaving, and that is costly if you have a lot of unhappy customers.

All new contracts now have a maximum term of two years, so companies have to fight even harder to keep customers once they have signed up.

Blended average revenue per user (ARPU) is one metric the industry uses to determine how much money each company is getting out of their customers. There seems to be a correlation between how happy a customer is and how much the person spends, because Telus had reported 19 consecutive year-over-year quarterly ARPU increases, and regularly delivers the industry's highest ARPU.

This is partly due to smartphone upgrades because the latest phones enable users to consume much more data. Telus says its high-value, postpaid subscribers now represent 86.5% of the company's total wireless subscriber base.

#### 2. Wireline strength

Telus is also holding its own on the wireline side of the business. The company's Telus TV and broadband Internet offerings are growing steadily, with net new subscriptions in the second quarter

hitting 17,000 and 22,000, respectively.

Investors should also keep an eye on the Telus Health division, which is Canada's leading supplier of solutions designed to help doctors, hospitals, and insurance companies manage patient data in a secure, safe, and efficient manner.

### 3. Dividend growth and share buybacks

Telus is a dividend-growth champion. The company has raised the payout 11 times in the past five years and investors should see the trend continue. The current distribution of \$1.68 per share is very safe and yields 3.9%.

Telus also buys back a lot of its stock. In Q2 2015 the company repurchased 7.9 million shares and has spent \$4.7 billion on share buybacks since 2004.

### Should you buy Telus?

Telus operates in an industry with very little competition and is well insulated from the chaos hitting international markets. It also provides services that are unlikely to be cut when consumers have to tighten their belts. That's the kind of stock a retiree can count on.

#### CATEGORY

1. Investing

#### TICKERS GLOBAL

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

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#### Date

2025/08/25

#### Date Created

2015/09/04

#### Author

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