



3 Top Income Stocks for Canadian Retirees

Description

It's a tough time to be a stock picker, and investors who need reliable income to supplement their pensions really have to be careful.

Here's why I think **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), **Fortis Inc.** ([TSX:FTS](#)), and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) are solid picks right now.

BCE Inc.

Canada's largest media and communications company continues to provide the same old stable dividend growth that retirees have relied on for decades.

Today, BCE is a much more diverse business with extensive sports, radio, television, retail, and Internet assets. These units all integrate with the company's world-class wireless and wireline networks to create a media and telecom powerhouse with revenue streams placed all along the value chain.

This hasn't happened by accident, and the people running BCE these days really understand where the industry is headed.

The result of the expansion is a lot of moving parts, but BCE still generates solid earnings as well as free cash flow growth, and that trend should continue.

BCE pays a generous dividend of \$2.60 per share that yields about 4.9%. The distribution is very safe, and investors should sleep well at night knowing this stock is in their portfolio.

Fortis Inc.

The power generation and natural gas distribution business isn't overly exciting, but retirees want stability and reliability, and that's what Fortis delivers.

The St. John's-based company is the perfect income stock because 93% of its revenues are generated from regulated assets. This gives investors a clear understanding of where the cash flow is coming

from and helps management plan for future growth.

Fortis isn't sitting still. Last year, the company acquired Arizona-based UNS Energy in a deal that is already contributing to earnings and provides the company with a strong presence in a stable U.S. market. This year, Fortis completed an expansion at its hydro-electric project in British Columbia and also locked in a tidy profit by selling its real estate portfolio.

The company is well managed, and investors have enjoyed a dividend increase every year for more than four decades.

Fortis pays a distribution of \$1.36 per share that yields 3.9%.

Sun Life Financial Inc.

The financial crisis really hit Sun Life hard, but management learned from its mistakes and the company is now on very solid ground—and growing.

Sun Life has been on an aggressive acquisition path for the past year, building up its asset-management portfolio to complement the strong insurance operations. The company is a good way for investors to own a Canadian financial stock with strong exposure to international growth, while having limited risks tied to an overheated Canadian housing market.

Insurance companies tend to do well in an environment of rising interest rates. The U.S. government is expected to start that process in the coming months. The moment it does, Sun Life and its peers should start to see more interest. Anticipation of the move is one reason why the shares have held up so well in the market pullback.

The company recently increased its dividend by 6% and now pays a distribution of \$1.52 per share that yields 3.6%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:SLF (Sun Life Financial Inc.)

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