



## 2 Dividend-Growth Stocks Retirees Can Trust

### Description

Income investors have a lot of options right now, and some stocks are offering tantalizing yields of more than 7%.

While those stocks look attractive, a big yield often indicates oversized risk, and many pensioners simply can't afford to take a 50% haircut on the stock, or even worse, watch the dividends disappear.

With that thought in mind, I think retirees should consider **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)).

Here's why.

### Telus

While its peers are spending billions on sports teams and media assets, Telus is staying focused on its core strategy of providing Canadian mobile, Internet, and TV customers with the best service possible across world-class wireline and wireless network infrastructure.

The strategy appears to be working and investors are reaping the benefits.

A customer-first approach is translating into industry-leading loyalty and retention. Telus enjoys the lowest mobile churn rate in the business, and its smartphone customers spend the most money. This is important because attracting new mobile subscribers is very expensive.

Telus is also seeing strong demand for its Telus TV and broadband Internet offerings. During the second quarter of 2015, the company added 22,000 net new Internet customers and 17,000 net new TV subscribers.

All this translates into strong cash flow and a growing dividend.

Telus pays a quarterly distribution of \$0.42 per share that yields 3.9%. The company has increased the payout 11 times in the past five years, and that trend should continue.

## **Bank of Montreal**

Investors often overlook bank of Montreal because they prefer to choose its larger peers, but that might be a mistake.

The company has a balanced revenue stream with strong retail operations on both sides of the border as well as a growing global wealth management group and a very robust capital markets operation.

For Q3 2015 Bank of Montreal's adjusted earnings per share rose 8% compared with the same period last year.

Canadian retail earnings improved by 6% on the back of strong deposit and loan growth, especially in the commercial segment.

South of the border, the U.S. operations saw a 38% jump in Q3 net income compared with last year. The American economy continues to improve and the division provides a nice hedge against weakness in Canada. Bank of Montreal's recent purchase of GE Capital's transportation finance business should boost U.S. earnings in the coming years.

The company has paid shareholders a dividend every year since 1829. That's a pretty good track record to bet on. The current quarterly distribution of \$0.82 per share offers a yield of 4.3%.

## **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:TU (TELUS)
3. TSX:BMO (Bank Of Montreal)
4. TSX:T (TELUS)

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