



Retirees: 2 Top Dividend Stocks for Reliable Income

Description

It's tough being a pensioner these days.

The cost of living continues to increase, and while government pension payments are supposed to rise in step, it just seems like the cash doesn't go as far as it used to.

That's why many retirees rely on income from investments to supplement their other revenue streams. In the past, it was possible to get a decent return from GICs, but those days are long gone and not coming back anytime soon. So, dividend-paying stocks are pretty much the only option out there.

Here's why I think income investors should consider **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) right now.

TransCanada

TransCanada is a great business for income investors because it essentially operates as a tollbooth. Oil and natural gas companies pay TransCanada to transport their output from the production facility to the final destination. TransCanada also operates storage facilities and a power-generation division.

For the most part, TransCanada is not affected by volatility in energy prices. It gets paid whether energy prices rise or fall and most of its contracts are long term with large, stable companies.

TransCanada's stock has come down in the past year as investors fret about delays in the Keystone XL and Energy East pipelines. Now that the election is over and Canada has another majority government that is in favour of Keystone, there could be some progress made in a year or two.

The thing the market seems to be missing is the fact that TransCanada has another \$12 billion in projects that will be completed in the next three years. That will result in higher cash flow, and the company has already said it plans to increase the dividend by 8-10% per year.

TransCanada current pays a quarterly distribution of \$0.52 that yields 4.6%.

BCE

BCE is a long-time favourite among income investors, and there is good reason for that relationship to continue. The company continues to hold a dominant position in the Canadian media and telecommunications market, and earnings rise every year.

BCE plans to invest as much as \$20 billion over the next five years to ensure its network infrastructure remains state of the art. That sounds like a lot of money, and it is, but BCE can afford to make the investments and still offer a strong dividend.

BCE pays a quarterly distribution of \$0.65 per share that yields 4.5%. The company is predicting free cash flow growth of 8-15% for 2015, so another dividend hike should be on the way.

If you want a stock you can simply buy and forget about, BCE is about as good as it gets.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

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