



## 2 Dividend Stocks Retirees Can Rely On for Extra Income

### Description

Most pension plans adjust for higher costs of living, but the increases don't always make up for all the extra expenses today's retirees are faced with.

Why?

The government makes adjustments based on an average "basket of goods", but when you think about it, everyone's basket is different, and we all know that prices can vary widely on just the bare essentials.

As soon as you throw in the odd unexpected purchase it doesn't take long for the budget to get into trouble. That's why many seniors rely on dividend income to supplement their pensions, but stocks carry risks, and older investors can't afford to take big distribution hits.

What's the answer?

Income investors should look for stocks with long histories of paying reliable and increasing dividends. At the same time, the companies should operate in industries with high barriers to entry and enjoy well-entrenched positions in the market.

With that thought in mind, here's why I think retirees should consider **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)).

### Bank of Montreal

Weakness in the Canadian economy has some analysts concerned that the banks could be in for a rough ride.

The economy goes in cycles, and the financial industry has certainly endured some lean times, but income investors have learned that the banks are reliable when it comes to honouring their dividend commitments even when economic conditions get really tough.

Bank of Montreal wins the award for the longest-standing dividend among its peers. In fact, the

company has paid its shareholders a bit of the profits every year since 1829. That means it survived two world wars, the Great Depression, and numerous crashes in the stock market.

Bank of Montreal is also a solid pick because it has a very balanced revenue stream. The company gets income from a variety of segments including retail, wealth management, and capital markets. It is also diversified by geography with a strong and growing U.S.-based personal and commercial banking business.

Bank of Montreal pays a quarterly dividend of \$0.82 per share that yields 4.2%.

## **Telus Corporation**

Telus operates in a cozy market with few serious competitors. While Canadians like to complain about their mobile and TV bills, the competitive situation is unlikely to change because it would be way too expensive for a serious player to come into this vast country and set up shop from scratch.

Consumers might not like it, but income investors are all smiles.

Despite the shortage of big players, the battle for market share is actually quite fierce, and Telus is holding its own.

In its most recent earnings report, the company boosted year-over-year Internet subscribers by 6% and enjoyed a 10% hike in Telus TV customers. Part of the appeal is the company's world-class wireless and wireline networks, and the other factor is an industry-leading focus on customer service.

Telus pays a quarterly dividend of \$0.42 that yields about 3.8%. Owning this company is about as stress free as an income stock can get.

## **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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