



Retirees: 2 Top Income Stocks to Start the New Year

Description

Pensioners are increasingly turning to dividend-paying stocks as a way of getting supplemental income.

This wasn't always the case, but the drop in interest rates over the past few years has eliminated the return in most savings accounts and reduced the payouts on GICs to levels that simply don't generate enough income.

The search for higher yield comes with more risk, so it is best to choose companies that have long histories of dividend growth supported by rising revenue.

With this thought in mind, I think income investors should consider adding **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) and **Algonquin Power & Utilities Corp.** ([TSX:AQN](#)) to their watch lists.

Rogers

Rogers is a media and communications powerhouse. The company owns mobile phone, cable, and Internet operations as well as the Toronto Blue Jays, part of the Maple Leafs, radio stations, television channels, magazines, websites, and retail stores.

Rogers has struggled with customer service issues and is fighting hard to keep cable customers from cutting the cord, but management is making good progress on the turnaround efforts and investors continue to benefit from the strong free cash flow generated by the company's core assets.

Rogers pays a quarterly dividend of \$0.48 per share that yields a safe 4%. If you are a Blue Jays or Maple Leafs fan, you can own a bit of your favourite teams and get a nice return to boot.

Algonquin Power

Income investors often overlook Algonquin Power in favour of its larger peers, but the company has a fantastic track record of dividend growth, and long-term shareholders have enjoyed some significant capital gains.

Algonquin Power owns renewable energy and utility distribution assets in Canada and the United States.

The company continues to add new assets through acquisitions and new project developments, and these facilities are driving both revenue and earnings higher.

Algonquin Power reported adjusted net earnings of \$82 million, or \$0.31 per share, for the first nine months of 2015, up from \$53 million, or \$0.22 per share, for the same period last year.

The company pays an annualized dividend of US\$0.385 per share that yields about 4.6%. Management raised the distribution by 10% earlier this year, and investors should see the payout continue to increase as cash flow rises with the addition of new assets.

The stock has increased 120% in the past five years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:RCI.B (Rogers Communications Inc.)

Category

1. Dividend Stocks
2. Investing

Date

2025/07/24

Date Created

2015/12/31

Author

aswalker

default watermark