



Retirees: 3 Dividend Stocks to Buy Now

Description

Your nest egg is under threat.

The main reason is that we're living longer — much longer. Life expectancy in Canada is among the highest in developed countries.

Based on life expectancies compiled for 40 countries of the Organisation for Economic Co-operation and Development (OECD), Canada ranked 13th among women (83.8 years) and 11th among men (79.6 years), according to Statistics Canada.

So, for those who have retired or are about to retire, the biggest challenge is this: How you would make sure your retirement portfolio will produce enough income to support your financial needs during your golden years?

One thing is clear that in this low interest rate environment, the most secured retirement options — government bonds, GICs, and saving accounts — aren't producing enough income to last very long. And I don't think this is going to change anytime soon, given subdued inflation throughout the developed world.

In this situation, an income investing strategy which focuses on generating a stable income stream is your best bet. For retirees, buying shares of mature companies that pay healthy dividends each quarter is much better option than going for capital gains and taking on extra risks.

Keeping these considerations in mind, here are some top dividend-paying stocks I've shortlisted for you that you may want to add in your portfolio as long-term investments.

Enbridge Inc.

There are some businesses that perform better during economic downturns. Retirees investing in such companies can always count on their dividend cheques to arrive in the mail. The pipeline operator **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is among them. Enbridge has established itself as a dominant player in the group of companies that pay stable returns to investors. Enbridge has paid dividends for

over 64 years to its shareholders.

After a 10% increase in its dividend per share in January this year, the company now pays \$0.583 quarterly dividend per share, or \$2.33 on an annualized basis. This last hike represented the 22nd consecutive year of increased dividends for the Enbridge shareholders.

Yielding 4.7% based on its today's price, Enbridge is one of the top dividend stocks which should be part of your retirement portfolio.

BCE Inc.

Like power utilities and pipeline companies, telecom operators provide a similar security and predictability to your retirement portfolio. **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), which operates Canada's largest telecom network, has been paying dividend for the past 134 years. One good thing about investing in telecom stocks is that they provide both stable income and a potential for capital appreciation. And the same is true for BCE.

With a 4.93% dividend yield, one of the highest among mature Canadian companies, BCE stock has more than doubled since December 2008, beating the **S&P/TSX Composite Index**. Given this stellar performance and a remarkable dividend history, I don't think you can go wrong by including BCE in your retirement portfolio.

Royal Bank of Canada

If you're a Canadian and are building your retirement nest, then adding a top-class banking stock in your portfolio won't be a bad idea. Canadian banks are safe and operate under a sound regulatory environment. With their wide economic moats, it's tough to challenge their dominant positions.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is among the top three Canadian banking stocks, offering a hefty dividend payout each quarter. The bank has been rewarding its investors with higher dividend payments over the past 10 years, offering on average 8.45% dividend growth.

Currently, it pays a quarterly dividend of \$0.87 per share. With a very manageable dividend-payout ratio of 40-50%, RBC's dividend is one of the most dependable among the Canadian banking stocks.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BCE (BCE Inc.)
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