Retirees: 2 Top Dividend Stocks I'd Buy Today

Description

One important precondition to fulfill your early retirement dream is that you need to have a financial freedom.

Many of us keep daydreaming about a life where we don't have to wake up every day to do something that's not our passion, but we're forced to do it because that job pays our bills.

Smart investors, however, embark on a journey much earlier to achieve financial freedom at the time of their retirement. It involves a persistent habit of putting aside a large chunk of your income to invest in companies that produce good returns and grow over time.

A diversified portfolio of stocks is one of the best ways to preserve your cash and put your savings to work for your goal of an early retirement. One tested strategy for a successful retirement portfolio is that you invest your monthly savings in companies that are fundamentally strong with growing businesses and that raise their dividends regularly.

You should avoid a high-yield-trap, because companies offering abnormally attractive dividend yields are generally too risky for retirement portfolios. You should approach investing from a long-term perspective and avoid the temptation of making a quick buck.

To get you started to achieve your financial independence, I've picked two highly reliable dividend stocks that you can include in your portfolio for a sustainable long-term return.

Fortis Inc.

When you pick a stock for a long-term investment, you should always go for those names that have a track record of growing their dividend payouts and the ones with the potential to continue to do so.

Fortis Inc. (TSX:FTS)(NYSE:FTS), the St. John's-based global utility, has that potential. This business may be boring for investors seeking super-high returns, but for dividend investors, utilities are one of the best avenues to grow their nest eggs.

With a 3.49% dividend yield and about 6% expected growth in its annual dividend payouts through 2021, the company meets many basic requirements to be part of your retirement portfolio.

With $48 billion in total assets, Fortis provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries, generating strong cash flows to distribute among its shareholders. Fortis revenues are regulated and guaranteed as long as you need electricity to turn on your lights. Fortis is a great cash cow too. It distributes 66% of its adjusted income among shareholders in the form of dividends.

BCE Inc.

When you talk about dividend stability and growth, then it's tough to ignore **BCE Inc.** (TSX:BCE)(NYSE:BCE), the operator of Canada's largest telecom network. The company has been paying dividends for the past 134 years. Just like power and gas utilities, BCE provides both stable income and a potential for capital appreciation.

With a 4.9% dividend yield, one of the highest among mature Canadian companies, BCE stock is a great candidate for your retirement portfolio.

One good thing about telecom companies and utilities is that they're recession-proof. You can still count on their dividend cheques if the economic cycle turns ugly. The logic is simple: it's highly unlikely that people will stop using the internet or making calls if they lose their jobs. Customers pay their cellphone and electricity bills, and you get dividends.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/06
Date Created
2017/08/09
Author
hanwar