Retire Early With These 2 Dividend-Growth Stocks

Description

Do you've a plan to retire early?

An answer to this basic question might put you on a track to achieve this important goal which remains a distant dream for many of us.

According to Statistics Canada, the average age of retirement climbed from 61 in 2005 to 63 in 2015. The data also showed the number of senior citizens still working has skyrocketed by 62% in the past decade. Almost one out of every eight people over 65 still works. A decade ago, that ratio was less than one in 13.

If you don't want to see yourself working past beyond the target age you've set for your retirement, then you've got to do a few simple things. And one of the most important things is to create a saving plan, which must include investing in dividend-growth stocks.

For other simple things, such as spending judiciously, making the most of your prime earning years, I'm sure you don't need a lecture from me.

Many financial planners agree that if you start saving early and do it aggressively while investing in solid stocks that pay regular dividends, you'll be able to achieve financial independence much earlier — an important pre-condition for an early retirement.

Here are two stocks to get you started on your early retirement saving plan.

Enbridge

Enbridge Inc. (TSX:ENB)(NYSE:ENB) is the largest pipeline operator in North America. Due to its organic expansion over the past many years, the company has accumulated assets that are going to be the cash machines for long-term investors.

Last year, Enbridge bought Spectra Energy for $37 billion. This deal added some great natural gas assets to Enbridge's network, putting the company on track for a long-term growth.

In 2017, for example, the value of growth capital projects will touch $13 billion. All of these projects are supported by low-risk, long-term take-or-pay contracts and will provide a significant uplift to cash flow as they come into operation.

For retirees, Enbridge provides stability and a great growth potential for future dividends. The company plans to increase its dividend payout between 10% and 12% each year through 2024 as it undertakes $27 billion commercially secured growth capital program.

After a recent pullback, Enbridge stock is yielding 4.8%. I think this provides a good entry point to add this dividend-growth stock to your portfolio.

Bank of Nova Scotia

If you're in Canada and looking to build your retirement saving plan, you must consider banking stocks for your portfolio. Canadian banks operate in a healthy and growing environment due to very limited competition at home and their expansion abroad.

A growing dividend is also a big part of its business strategy. On average, Canadian banks distribute 40-50% of their income to investors in dividends.

Among the six major Canadian banks, I particularly like **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). This bank has a nice mix of assets in both Canada and South America. This international exposure to a fast-expanding region has helped the bank to boost its earning potential as the local market matures and margins are tough to come by.

On the dividend front, Bank of Nova Scotia has an impressive history. The bank has delivered dividend increases 43 of the last 45 years — one of the most consistent records for dividend growth among major Canadian companies.

With an annual dividend yield of 3.9% and consistent growth potential, Bank of Nova Scotia offers an attractive return to dividend investors. I think it's not a bad time to consider this stock for your portfolio.

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Date
2025/07/06
Date Created
2017/09/01
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