



Retirement Income: 2 High-Yield Dividend Stocks I'd Buy Today

Description

Dividend investing is a great way to grow your retirement income. This strategy has been particularly useful over the past decade as interest rates hit rock bottom.

As a result, bonds and GICs yielded next to nothing, and returns on your savings accounts hardly beat inflation.

That's the reason I always look for opportunities when the dividend yields of blue-chip companies come to a point where they become attractive. For income-thirsty investors, such companies provide a great boost to their cash flows.

Let's find out if **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) stocks are attractive enough to include them in your retirement portfolio.

Enbridge

Enbridge stock has been under pressure this year, falling ~11% as rising interest rates in Canada and uncertainty clouding the energy markets diminish its investment appeal.

But amid this general selloff, investors are ignoring that Enbridge has a great growth potential.

Enbridge operates the world's longest crude oil and liquids transportation system, which insulates it from the cyclical nature of the commodity markets.

The company is a leader in gathering, transportation, processing, and storage of natural gas in North America, serving about 3.5 million retail customers in Ontario, Quebec, New Brunswick, and New York State.

After recent pullback, Enbridge stock now offers 4.9% dividend yield, which is the best rate of return that company offered at least in the past five years and more than double the industry average.

With its aggressive growth plan, Enbridge plans to increase its dividend payout 10-12% each year through 2024.

BCE Inc.

The story of BCE stock isn't very different from the Enbridge one. Telecom companies also operate like bonds, as they distribute a major portion of their income in dividends. But when interest rates rise, telecom operators generally underperform the market.

There is another drag on BCE stock. And that's coming from a growing competition from smaller players, such as **Shaw Communications Inc.**, to grab the largest share of the Canadian wireless market.

But just like Enbridge, BCE is the market leader and has a huge competitive advantage over its competitors. For your retirement income, its current dividend yield of 4.85% provides a good entry point.

Investors in BCE stock have also enjoyed about 6% annual growth in the dividend payout during the past five years.

Which one is better?

I think both Enbridge and BCE are two top candidates for your retirement income portfolio. Their current dividend yields are attractive with a long-term growth prospects.

If you need to pick one over other, I would prefer Enbridge, which offers a little better valuation after its double-digit losses this year.

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1. Dividend Stocks
2. Energy Stocks
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Date

2025/07/06

Date Created

2017/09/08

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