



2 High-Yield Stocks for Retirees

Description

Stocks with high yields and stable dividends provide the best combination retirees can dream of.

A portfolio containing good, quality dividend stocks provide stability to your retirement income and generate cash to meet your financial needs during your golden age.

But in the real world, this combo of high yield and a stable dividend is hard to come by. Most of the time, very attractive dividend yields signal something is wrong with the company's finances.

High yielders are usually facing a considerable decline in their income, or some material change in their businesses.

Having said that, the market sometimes presents opportunities to pick some nice yields. **First National Financial Corp.** ([TSX:FN](#)), and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) have great businesses and very attractive dividend yields on current prices.

Let's find out if they should belong in your retirement income portfolio.

First National Financial Corp.

After a 13% plunge in its share price over the past 12 months, this Toronto-based alternative mortgage provider now offers an attractive 7% yearly dividend yield, one of the highest among Canadian financials.

You might be wondering if this high yield is safe and if there is anything wrong with the lender's earning potential.

First National stock has been suffering after a broad sell-off in mortgage-related stocks, triggered by the near-collapse of another non-bank mortgage provider, **Home Capital Group Inc.**, this spring. Though Home Capital Group was rescued by Warren Buffett's **Berkshire Hathaway Inc.** in June, this contagion fear is still haunting investors, who are seeing Canada's housing market cool at the same time.

But there is no evidence that First National has any serious issues with its mortgage portfolio. At the current market price of \$26.17, First National pays a monthly dividend of \$0.15 a share. I think its current valuations provide a good opportunity to grab this quality financial name and earn handsome monthly income.

Enbridge Inc.

The story with Enbridge's share price isn't much different. It has fallen about 12% in the past year, taking its dividend yield to ~5%.

Enbridge, which runs the world's longest crude oil and liquids pipeline system, is a victim of changing economic situation in Canada, where the central bank has raised interest rates twice in the past two months.

This development is negative for companies such as Enbridge, as a higher return on government bonds diminishes the investment appeal of these dividend-paying stocks.

But for long term, buy-and-hold investors Enbridge is a great dividend-growth stock. During the past five years, its dividend payout has grown ~17% against the industry average of 13%.

The company plans to continue with this growth trend by increasing its dividend payout 10-12% each year through 2024 as it produces more cash from some big-ticket infrastructure projects.

Investor takeaway

These both companies are the market leaders in their industries, offering high yields and stability in dividend payouts you need for your retirement portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:FN (First National Financial Corporation)

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