Retirees: 2 Steady Income Stocks You Don't Have to Babysit

Description

Pensioners are searching for reliable dividend stocks to help boost their retirement income.

Let's take a look at **Fortis Inc.** (TSX:FTS)(NYSE:FTS) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) to see why they might be interesting picks.

Fortis

Fortis owns natural gas distribution, power generation, and electric transmission assets in Canada, the United States, and the Caribbean.

The company has focused much of its growth efforts on the United States in recent years, including the US$4.5 billion purchase of Arizona-based UNS Energy in 2014, and last year's US$11.3 billion acquisition of Michigan-based ITC Holdings.

Integration of the new businesses has gone well, and Fortis expects to raise its dividend by at least 6% per year through 2022.

The company just bumped up the payout by 6.25%, marking the 44th consecutive year of dividend increases.

Fortis gets the majority of its revenue from regulated assets, so cash flow should be both predictable and reliable. The five-year capital plan now stands at $14.5 billion, comprised primarily of low-risk projects that should boost the consolidated rate base from roughly $25 billion in 2017 to $32 billion in 2022.

The new quarterly dividend payout of $0.425 per share provides an annualized yield of 3.7% based on the current stock price.

Bank of Montreal

Investors often overlook Bank of Montreal when searching for a pick in the financial sector, but the company is worth considering in the current environment.

Why?

Bank of Montreal has a balanced revenue stream with strong personal and commercial banking, wealth management, and capital markets groups.

The company is best known for its Canadian operations, but Bank of Montreal also has a strong presence in the United States, with more than 500 branches primarily located in the Midwest.

The U.S. division provides a nice hedge against any potential weakness in the Canadian economy and can give earnings a healthy boost when the U.S. dollar strengthens against the loonie.

Bank of Montreal has paid a dividend every year since 1829. The current distribution generates a yield of 3.7%.

Is one more attractive?

Both companies have solid businesses with reliable dividends. At this point, I would probably split a new investment between the two stocks.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/16
Date Created
2017/10/20
Author
aswalker