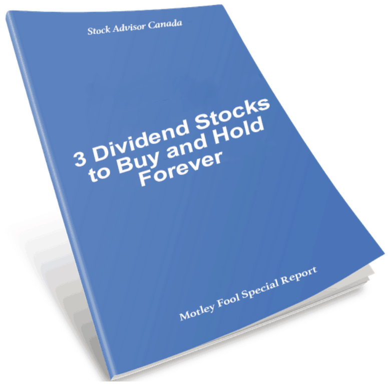

Fortis Inc. and Enbridge Inc.: 2 Top Dividend Stocks for Retirees

Description

Although interest rates are on an upward trend and will probably be going higher, there is still a place in retirees' portfolios for dividend stocks.

Dividend stocks that are safe, reliable and have upside potential.

Because if we can get income that is taxed at a lower rate than interest income, and if that income is just as secure, or at least almost as secure, then we need to go there.

Thankfully, we have utility stocks, which are well-suited for this purpose as they are typically a ray of light in both bull and bear markets. At least their dividend is.

As a North American leader in the regulated gas and electric utility industry, **Fortis Inc.** (TSX:FTS)(NYSE:FTS) boasts a history of long term profitable growth and stability. Its asset base of regulated, low risk and diversified projects makes it clear why.

With a current dividend yield of 3.6%, 44 years of consecutive dividend increases, and a planned 6% annual average growth through to 2022, this stock is a must-own.

While Fortis' growth strategy has included acquisitions, such as the two most recent acquisitions, ITC and UNS Energy, which were immediately accretive to earnings, the company will shift its focus to organic growth opportunities.

To this end, the five-year capital spending plan is $14.5 million – an increase from the prior five years' spending of $13 billion.

With a dividend yield of 5.46% and a stable and reliable history, **Enbridge Inc**. (TSX:ENB)(NYSE:ENB) is another utility for investors who are concerned with stability, reliability, capital preservation, and income.

Since 1996, investors have enjoyed 22 years of dividend increases, with a 33% dividend increase in 2015, a 14% increase in 2016, and a 10% increase expected in 2017.

Management expects the dividend to increase at a 10% cumulative average growth rate through to 2020. While this is below the previous guidance of 10%-12% through to 2024, the increased visibility will prove to be a positive for the shares.

Enbridge recently addressed investors' concerns regarding its debt and funding issues with the announcement of its three-year strategic plan, which includes its plan to garner funding for its $22-billion planned capital spending.

The company announced the issuance of $2 billion in common equity and a minimum $3 billion in non-core asset sales, which will start to reduce the company's debt metrics as of 2018.

Over the longer term, while the company's shares got hit as a result of the Spectra Energy acquisition, this acquisition affords Enbridge greater scale and diversity, strengthens the company's balance sheet and funding flexibility, and provides attractive synergies.

CATEGORY

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