



Retirees: A Top Dividend Stock to Consider in 2018

Description

As 2018 draws closer, some retirees may need to realign their income portfolios to take into consideration the changing market dynamics.

As markets in North America hover around record levels, it is tough to find attractive dividend yields that can provide both safety and stability to your [retirement income](#).

These two factors continue to be the most important considerations for long-term income investors, who don't want to risk their financial stability in their golden years by investing in high-yielding dividend stocks that might cut the payouts down the road.

With this theme in mind, here is my top dividend stock. It fits well in this strategy and is well positioned to provide stable returns.

Bank of Nova Scotia

Canadian banks are known for their income stability and safety of their dividend income. This strength comes from a healthy business environment in which they operate. They don't face cut-throat competition at home, while their foreign operations provide diversification.

Growing dividends are also a big part of their business strategies. On average, Canadian banks distribute 40-50% of their income to investors in dividends each year.

Among the six major Canadian banks, I particularly like [Bank of Nova Scotia](#) ([TSX:BNS](#))([NYSE:BNS](#)), the most international bank in Canada.

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.

In 2017, Bank of Nova Scotia's net income jumped 12% to \$8.2 billion, helped by a strong performance from international banking. Profit from Bank of Nova Scotia's international operations rose 13%,

showing the success of its aggressive emerging market growth strategy.

As we enter 2018, Bank of Nova Scotia plans to expand in this region. The lender recently announced that it plans to acquire Chilean subsidiary of Spanish bank **Banco Bilbao Vizcaya Argentaria, S.A.** ([NYSE:BBVA](#)) for \$2.9 billion, pending some approvals. If the deal gets completed next year, it will double Bank of Nova Scotia's market share in Chile to about 14%.

The bottom line

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 4% and consistent growth potential, Bank of Nova Scotia offers an attractive return to dividend investors. I think Bank of Nova Scotia is a good candidate for your 2018 shopping list for dividend stocks.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BBVA (Banco Bilbao Vizcaya Argentaria, S.A.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BNS (Bank Of Nova Scotia)

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