The 2 Best Dividend Stocks to Boost Your Retirement Income in 2018

Description

If you're in the market to hunt for top-quality dividend stocks to boost your retirement income, then you need to focus on a few performance metrics.

First, the dividend-paying companies you pick should be producing products and services that are essential to our daily lives. To get a better understanding, think about power and gas utilities, telecom operators, banks, or companies that make fast-moving consumer goods.

Second, these companies should have a history of paying dividends. The advantage of investing in such companies is that you'll get stable and reliable dividend income from these cash-producing corporations each quarter without worrying too much about the future.

With this theme in mind, I've picked two stocks that are considered the best dividend payers in the Canadian market. Let's find out if they fit in your retirement portfolio.

Fortis

I always recommend keeping one or two power and gas utilities in your retirement portfolio. And being in Canada, we're lucky to have several top-quality utilities we can choose from.

The companies that supply power and gas to homes and offices have very predictable revenue streams. The reason is that, in most cases, they operate in a regulated environment, where the government fixes the rates. So, unlike many consumer-facing businesses, they're not affected by economic turmoil and consumer choices.

Among the Canadian utilities, **Fortis Inc.** (TSX:FTS)(NYSE:FTS) is one of the best dividend stocks to have in your portfolio. The St. John's-based Fortis manages about $48 billion in assets in North America and overseas.

The company provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries. The company's revenue stream is also very diversified. The U.S. accounts for more than 60% of its assets, while Canada has more than 25%, and the rest are in the Caribbean.

With a 3.6% dividend yield and about 6% expected growth in its annual dividend payouts through 2022, Fortis has been growing its dividend for more than four decades now. Between 2006 and 2016, Fortis's annual distribution increased from $0.67 to $1.53, which is a CAGR of 9%.

BCE

Canada's telecom operators provide another avenue for retirees to boost their retirement income. Supporting one of the highest dividend yields, telecom operators produce returns that are stable and growing.

This is the reason I like **BCE Inc.** (TSX:BCE)(NYSE:BCE), Canada's largest telecom network. The company has a history of more than 100 years of rewarding its investors with regular dividend payment, plus its 4.67% yield is very attractive and hard to ignore in the current low-rate environment.

Last year, BCE distributed 84% of its free cash flows to investors in the form of dividends. And these dividends have been rising each year.

During the past decade, BCE's payout has more than doubled to a quarterly payout of $0.72 a share. On a total-returns basis, a $10,000 investment in the company a decade ago would be worth more than $31,000 today, including capital gains.

The bottom line

Fortis and BCE are the kind of companies that can provide your retirement income stability and growth. And this is the most important thing you need in your golden years. If you're planning to add more dividend stocks to your retirement portfolio, having these two names won't be a bad idea.

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2. NYSE:FTS (Fortis Inc.)
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