



A Canadian Dividend Stock That's Ideal for Your Retirement Income

Description

When you're picking investments for your retirement portfolio, one of the most important elements to consider is that your investment should be long term and produce steady returns during your golden years.

That's why having some top-quality dividend-paying stocks in your portfolio mix is a good strategy. There is little doubt that GICs, government bonds, and other safe-haven assets offer safety. Realistically speaking, however, when the interest rates are too low and inflation remains subdued, these fixed-income assets don't fulfill the needs of retired investors anymore because they don't provide enough income to live.

If you want to have a decent return on your investment, then it's not a bad idea to take some calculated risk and include some stocks with higher yields relative to bonds. You therefore should restrict your investments to those known for their stability, safety, and growing payouts.

With this theme in mind, I've chosen the following dividend stock for you to consider for your retirement portfolio.

Telus

[Telus Corporation](#) ([TSX:T](#))([NYSE:TU](#)) stock meets many criteria, making this one a good candidate for your retirement portfolio.

One of the three top telecom operators in Canada, Telus provides connectivity to its growing subscribers and collects monthly bills. Due to this certainty in their revenue model, many analysts call telecom providers great cash cows.

Its [fourth-quarter earnings](#) show Telus has a strong growth momentum. Telus added 121,000 wireless postpaid customers in the quarter — about 34,000 more than a year ago, as the operator spends heavily to attract more wireless subscribers amid fierce competition.

With a current dividend yield of 4.32%, Telus offers a good return to long-term income investors in an environment in which GICs and other fixed-income assets aren't even paying half of that. The company pays a quarterly dividend of \$0.505 a share, which translates into \$2.02 per share annually. Telus is

well on track for 2018, marking the 15th straight year in which it has hiked its annual dividend.

Telus is targeting 7-10% growth in its dividend each year through 2019. Given the company's ability to generate more cash through its growing Canadian customer base, this target doesn't appear to be too ambitious. Trading at \$46.79 a share at the time writing, Telus stock remains one of the top dividend stocks, which I think is ideal for your retirement income.

The bottom line

Telus is but one example of a business that's built to last and provide a steady stream of income. You can further broaden your search and look for companies with the dominant market positions and growing cash to distribute in payouts.

CATEGORY

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2. Investing
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