



Retirement Income: 2 Dividend Stocks to Buy to Get Higher Returns

Description

Developing a portfolio that provides [stable retirement income](#) isn't an easy task in an environment when savings accounts, GICs, and government bonds pay little returns.

In this low interest rate environment, some investors add stocks to their portfolios that pay steadily growing dividends to improve their returns.

In the long run, a growing payout will not only put more cash in your retirement account, but you can multiply your wealth more quickly by the power of compounding. Here are two low-risk stocks that are perfect for retirees whose aim is to generate growing returns.

Manulife Financial

Manulife Financial Corporation ([TSX:MFC](#))([NYSE:MFC](#)), Canada's largest insurer, is a reliable stock to keep in your retirement portfolio. The company offers financial advice, insurance, and wealth and asset management services globally.

The company has a strong presence in Asia, where it operates in some of the region's largest economies, including China, Japan, Hong Kong, Singapore, Vietnam, the Philippines, and Cambodia. Manulife serves 26 million customers globally with more than a trillion dollars in assets under management and administration.

In 2017, Manulife's Canadian and Asian businesses experienced double-digit growth, while its U.S. sales were almost flat. The overall growth helped its diluted earnings per share to rise 13% when compared to the last year.

Manulife is a good stock for retirees to earn steady income. Over the past five years, the company has handed in 30% in total returns. At 8.7 times forward consensus earnings estimates and a dividend yield of over 3.69%, Manulife stock is a good buy-and-hold candidate for your retirement portfolio. The company pays a \$0.22-a-share quarterly dividend that was raised by 7% in February.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is another low-risk stock to earn growing dividend income. RBC is the nation's largest bank with more than \$1.2 trillion in total assets.

The bank has very diversified operations with very strong presence in the U.S. after its acquisition of City National Bank in 2015. It has the largest sales force in Canada and is the market share leader or runner-up in all key product categories.

RBC has paid dividend every year since 1870. In its first-quarter earnings, RBC surpassed analysts' expectations for profitability and delivered another dividend hike to investors, taking its annual payout to \$3.79 a share.

Trading at \$100.79 and with an annual dividend yield of 3.79%, RBC is a great buy-and-hold stock. It is well positioned to provide regular retirement income. During the past five years, RBC has delivered about 55% in total returns to its investors, easily beating the benchmark S&P/TSX Composite Index, which delivered a 30% return during that period.

The bottom line

Adding stable dividend stocks can boost returns on your retirement portfolio. Increasing your retirement income fast requires that you add some quality income-generating stocks in your portfolio with a long-term investment horizon.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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1. Editor's Choice

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