



## Why This Dividend Stock Is the Best Candidate for Your Retirement Income

### Description

What kind of stocks you should buy if you're building an investment portfolio for your retirement?

The answer to this question depends on your risk appetite, the number of years you plan to work, and the level of income you're aiming to achieve in your golden years. In my opinion, [dividend stocks](#) that are known for their stability and growth are the best stocks for the future retirees.

My rationale for this preference is very simple: a company that pays growing dividend not only leaves more cash in your retirement fund, but is also a sign of a growing business. Investing in dividend growth stocks may not look too exciting to some investors, especially when you compare them with the high-growth technology stocks.

But for your retirement income, you don't want to take too much risk. For retirees, I think it's better to stick with the companies with tested business models and thus a minimal risk of failure. I'm talking about banks, telecom operators, and energy infrastructure operators.

With this theme in mind, here is a dividend stock that I believe offer one of the best avenues to try this approach.

### TD Bank

[Toronto-Dominion Bank \(TSX:TD\)\(NYSE:TD\)](#) is one of the best dividend growth stocks from the Canadian financial space. The nation's second-largest lender has been very consistent in providing solid returns to investor.

The bank is forecast grow its dividend between 7% and 10% each year due to its superior position at home. In the U.S., TD is among the top five Canadian lenders that dominate the domestic banking market. In the U.S., it's among the 10 largest lenders.

That market presence means that TD will continue to benefit from the strong North American economy, where interest rates are rising and the economy is creating more jobs.

After an 11% increase in its payout this year, TD stock now pays a \$0.67-a-share quarterly dividend, which translates into a 3.5% yield on yearly basis.

In the second-quarter earnings report, TD showed how consistent it has been in exceeding expectations. The bank's earnings per share, excluding one-off items, rose to \$1.62 in the quarter to March 31 compared with \$1.34 a year ago. Analysts had, on average, forecast earnings per share of \$1.50.

Trading at \$76.57 at the time of writing, TD stock has gained 20% during the past one year, thereby beating the benchmark index by a large margin. Despite these hefty gains, however, analysts still see further gains with a 12-month share price target of \$84.86.

### **The bottom line**

TD is a solid dividend stock that you can consider adding to your retirement portfolio. With its strong earnings momentum, I see a lot of room for further dividend hikes and capital appreciation.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

### **PARTNER-FEEDS**

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