2 Top Dividend Stocks to Help You Thrive in Retirement

Description

Rising interest rates set the stage for strong performance from Canada's biggest life insurers.

And while these companies are more than just Canadian life insurers, with growing businesses in Asia and growing wealth and asset management businesses, rising interest rates provide a boost to an already favourable thesis.

This thesis is predicated on two major trends.

The first is the rapidly emerging middle class in Asia, which is increasingly driving demand for financial solutions, and the second is the aging population worldwide that's driving demand for retirement and asset management solutions.

So without further ado, here are the two dividend stocks for your RRSP.

Manulife Financial Corporation (TSX:MFC)(NYSE:MFC)

With a market capitalization in excess of $50 billion, with a strong past and a very promising future, Manulife is a force to be reckoned with.

In the last five years, the company has seen a 15% compound annual growth rate (CAGR) in core EPS, a 28% CAGR in the business value in Asia, and strong growth in its global wealth and asset management business with a 20% CAGR in assets under management.

And all this while maintaining a strong capital position.

Thus, Manulife is seeing strong growth in wealth and asset management and in its expansion in Asia, making it so much more than a Canadian life insurer.

As evidence of this, we can look to the first quarter 2018 results. Manulife posted an 18% increase in core earnings, earnings per share of $0.64, and generated an ROE of 14.1%, which was above its targeted range and a solid improvement.

Manulife stock is currently trading at a dividend yield of 3.73%.

As well, the dividend has been growing. The dividend was increased four times in the last five years, with the latest one being a 7% increase in the fourth quarter of 2017.

According to Manulife, a 50 basis point increase in interest rates would have a $100 million impact on net income and have a meaningful effect on its MCCSR ratio or its Minimum Continuing Capital and Surplus Requirement Ratio.

Manulife reports today after the market close.

The company has been performing above expectations recently, and management has bold targets of generating $1 billion of savings by 2022.

Sun Life Financial Inc. (TSX:SLF)(NYSE:SLF)

Sun Life is also reporting strong results out of Asia, but its wealth management business has been suffering from consistent fund outflows.

But recent acquisitions provide hope that these outflows can be curtailed, and the stock should continue its rise against a strong backdrop.

The company has been buying back shares and has announced regular dividend payment increases, signifying management's confidence in the business, which is always a good sign. The dividend yield is currently 3.63%.

Sun Life's interest rate sensitivity is not as significant as Manulife's. A 50 basis point increase in interest rates would increase net earnings by $50 million.

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2. TSX:MFC (Manulife Financial Corporation)
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