



CIBC Stock Is a Top Pick for Retirees

Description

A good retirement portfolio will provide for the retiree as they live out their lives. To achieve this, two of the most important factors are income and safety. The portfolio must provide adequate income and its capital must be preserved. As such, when investing in the stock market, it's important to invest in high-quality companies.

One stock that belongs in a retirees portfolio is **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). Historically, there has been no safer investment than Canada's Big Five banks. What makes CIBC stand out over the others?

Higher income

CIBC has the highest starting yield of the Big Five banks. At 4.42%, a \$10,000 investment in the company would produce \$442 in annual income. In comparison, the same investment in **Toronto-Dominion Bank** and its 3.43% yield would produce only \$343 annually. At first glance, the 1% yield difference may seem insignificant, but it's not.

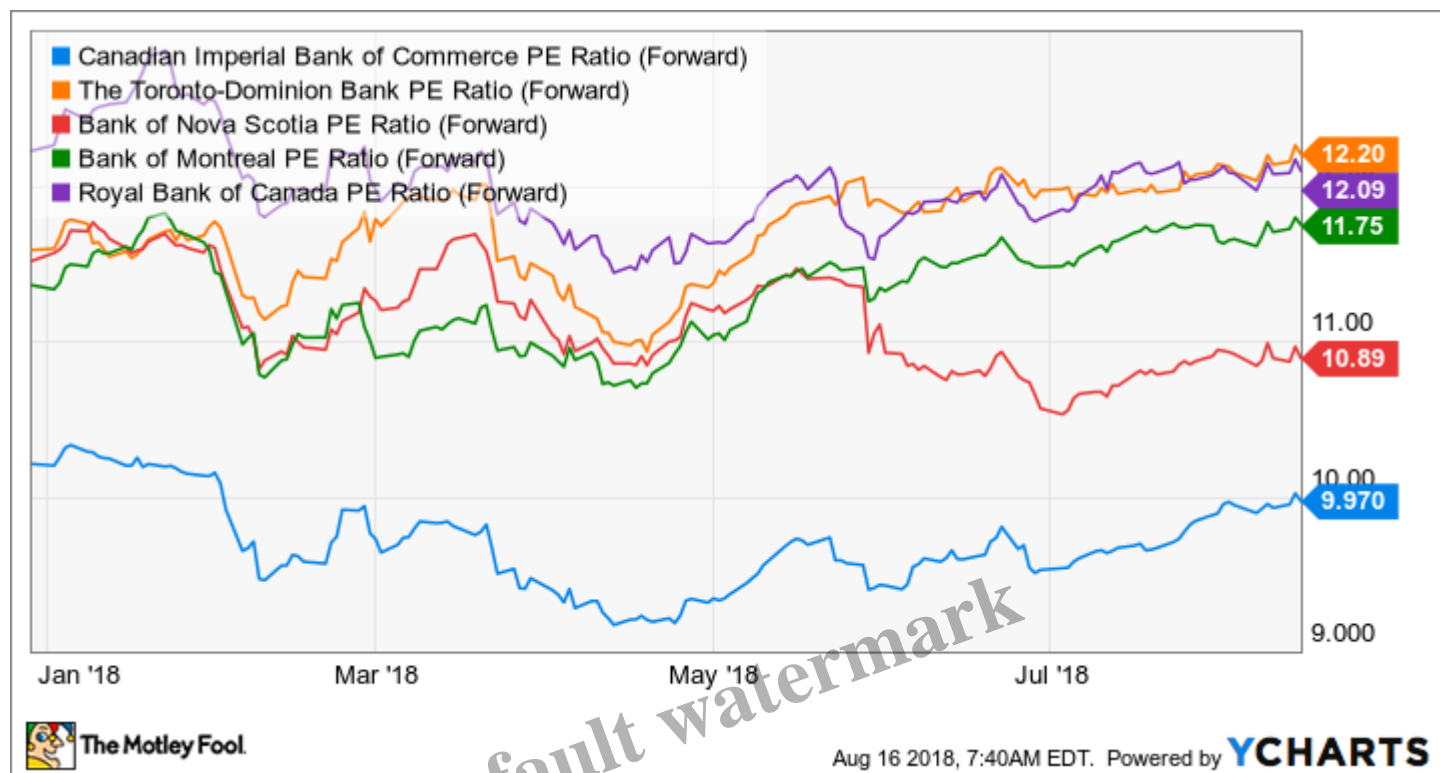
There is a 28.86% difference in annual income. As the importance of income outstrips growth in retirement, a higher starting yield makes a big difference. Not convinced? [Back-tested data confirms](#) annual returns of 21% if investors pick the Big Five bank with the highest yield.

Canadian Imperial Bank of Commerce is also a Canadian Dividend Aristocrat, having raised dividends for eight consecutive years. The company's historical dividend growth rate is also among the best of its peers. Not only do you get a higher starting yield, but you also get above-average income growth. Since returning to dividend growth, CIBC has a pattern of raising dividends twice yearly.

Worried that another financial crisis might lead to the suspension of the dividend? Don't be. CIBC has not missed a quarterly dividend payment since it first started paying a dividend in 1868. That's 150 years of uninterrupted dividend payments. Still worried? I didn't think so.

Best Value

At the moment, CIBC is also one of the banks that [provides the best value](#). Usually, a higher starting yield can mean that the company is undervalued. Take a look at the chart below.



[CM PE Ratio \(Forward\)](#) data by [YCharts](#)

Over the past year, Canadian Imperial Bank of Commerce stock has been trading at a significant discount to its peers when looking at the forward price-to-earnings (P/E) ratio. Likewise, CIBC is trading at 10.7 times earnings, which is below its historical average of 11.7.

The gap is narrowing, however. The market is beginning to realize that CIBC is undervalued. After underperforming for the vast majority of 2018, CIBC has reversed course. Over the past month, it has returned 3%, which leads the sector.

CIBC won't stay cheap for long. With its recent U.S. expansion, it has one of the best growth profiles among the big banks. Combined with the highest income and the best value, CIBC can be a cornerstone of your retirement portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/09/12

Date Created

2018/08/19

Author

mlitalien

default watermark

default watermark