



2 Dividend Stocks That Are Ideal to Earn Steady Retirement Income

Description

Building a retirement portfolio that pays steady income should be the top priority for many Canadians at a time when big companies are fast doing away with corporate-funded pension plans.

In this modern economy, companies are also cutting the staff positions and many jobs are given to contract workers who are on their own to plan for their retirement. So, what is your game plan if you are one of them?

To me, the best way to go about tackling this challenge is building a diversified portfolio that has a large position in solid dividend stocks. In this category, Canadian banks and telecom utilities top the list.

Let's have a deeper look at **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) — Canada's two largest dividend stocks — to see if these names fit the bill.

RBC stock

Canada's largest lender is, without any doubt, is one of the [best dividend stocks](#) to earn steadily growing retirement income. RBC has a great business at home and an expanding presence in the U.S. This combination has helped the lender produce income that grows each year.

RBC has paid dividends to shareholders every year since 1870. If one had invested \$10,000 in RBC stock in 1990, that investment would be worth \$177,848 today, delivering a 1,768% return. That means this lender has the ability to survive recessions, economic cycles, and financial crises like the one we saw in 2008.

With the third-quarter earnings last month, when the lender announced an 11% jump in its profit, RBC also announced a \$0.04 hike in its quarterly dividend to \$0.98 a share. For the three months that ended July 31, RBC reported profit of \$3.1 billion, or \$2.10 a share, compared with \$2.8 billion, or \$1.85, a year earlier.

Trading at \$103.52 and with an annual dividend yield of 3.79%, RBC should be on your radar screen

when you're investing for your retirement.

BCE stock

Just like RBC, BCE is also a great stock to own to boost your retirement income. The nation's largest telecom operator has a strong presence throughout Canada. The company is spending billions of dollars to improve its network and to get ready for the roll-out of fifth-generation services in coming years. The company spends roughly \$4 billion annually on wireless and fibre network and service development.

For income investors, BCE has been a great investment. During the past decade, the company has doubled its payout to \$3.02 a share. In 2018, BCE stock has been [under pressure](#) due to rising bond yields that diminish the investing appeal of telecom utilities.

Trading at \$52.60 with an annual dividend yield of 5.8% at the time of writing, BCE stock has an attractive appeal for long-term investors to take advantage of this sluggish period and lock in its juicy yield.

Bottom line

Buying and holding quality dividend stocks, such as RBC and BCE, is a tested approach to build your wealth for your nest egg.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
4. TSX:RY (Royal Bank of Canada)

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Date

2025/08/25

Date Created

2018/09/18

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