Retirees: Buy This Top Dividend Stock to Earn Steady Income

Description

If you're building your savings to use in your golden years, one of the best strategies to achieve this goal is to buy stocks that pay regular income.

In this space, Canada's telecom utilities top the list as these companies have been successful in generating a steady flow of income for their investors for decades.

Among Canada's top three telecom players, **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) is the best bet to make in the current operating environment. Here are the two main reasons that make Rogers stock attractive for retirees.

Market dominance

Rogers is Canada's second-largest telecom company, but it has the largest market share of the country's growing wireless segment, dominating about a third of the market's revenue and subscribers.

The Canadian telecom market is very different from what we have south of the border. Here, the market is mainly controlled by three top players who serve a growing population with strong demand for wireless services.

Rogers drives about 57% of its revenue from the wireless segment of its business. This segment has been under pressure ever since **Shaw** acquired Wind Mobile, challenging the dominance of the big three players. But Rogers has been successful in protecting its turf and continues to grow its wireless business.

Earnings momentum

What makes Rogers different from other players is the company's earnings growth, despite a tough competitive environment in which margins are being hit.

The latest evidence in this regard came on October 19 when Rogers reported its third-quarter earnings that, again, surpassed analysts' expectations and allowed the company to improve its full-year profit forecast.

Toronto-based Rogers, which also runs a media unit, reported adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of $1.62 billion in the quarter, up 8% and ahead of analyst estimates of $1.57 billion, helped by the company's cost-cutting efforts and strength in its wireless division.

With profit beating expectations, Rogers increased its financial guidance for 2018, with adjusted EBITDA growth of between 7% and 9%, up from a previous range of 5-7%.

The bottom line

Trading at $67.43, Rogers stock has beat **BCE** and **Telus**, the two other top players. The company's earnings strength and its dominant market position show that it's the best telecom stock to own for retirees who want regular dividend income.

With an annual dividend yield of 2.84%, the company pays $1.92 a share annual payout. Rogers hasn't increased its dividend since the first quarter of 2015, when it boosted its quarterly payout by 5% to $0.48 a share. But if its growth continues, I believe the next good news will be a hike in its payout.

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