



## Looking for Retirement Income? Buy These 2 Dividend Stocks

### Description

For investors whose aim is to build their retirement income, Canada's top lenders offer one of the best avenues.

The [biggest strength](#) of these players comes from their ability to produce a growing stream of income for their investors. Gradually increasing payouts are important for your retirement portfolio as these dividends help you to multiply your wealth by using the power of compounding.

The other big advantage of investing in Canadian top lenders is that they're strong companies with solid operations both locally and globally. History tells us that Canadian banking stocks usually outperform their American counterparts during the times of distress.

These lenders have strong capability to recover from the weakness and reward investors who have the patience and time to stick with their holdings. If you're a buy-and-hold investor, it's a good time to buy a couple of Canadian banking stocks, which are offering a good value after the recent pullback.

Among the group of five top lenders, I find [Bank of Nova Scotia \(TSX:BNS\)\(NYSE:BNS\)](#) and [Canadian Imperial Bank of Commerce \(TSX:CM\) \(NYSE:CM\)](#) more attractive than their peers.

### Scotiabank's aggressive expansion

Scotiabank has underperformed other Canadian peers in the past 12 months due to investors' concerns that the bank has been too aggressive in its expansion. The Canada's third-largest lender has concluded many mega deals last year to position itself for the future growth.

But that period of weakness is temporary, as the lender is well-positioned to benefit from its growth strategy and to reward investors along the way.

Trading at \$73.49 at the time of writing with an annual dividend yield of 4.6%, BNS stock offers a great value to long-term investors. The lender has paid a dividend every year since 1832, while it has hiked its payouts in 43 of the last 45 years.

The bull case for CIBC is also very convincing. The lender has fallen almost 10% during the past one year on concerns that the lender's mortgage portfolio might hit its earnings at a time when Canada's

housing market is cooling.

We haven't yet seen that scenario playing out, while CIBC continues to benefit from its expansion strategy south of the border. In the fourth quarter, CIBC posted a 22% increase in earnings from U.S. commercial banking and wealth management, outpacing growth in the lender's domestic businesses.

Trading at \$109.76 and with an annual dividend yield of 5% at writing, CIBC stock has a good appeal for retirees. Its current dividend yield is one of the highest among the major banks. The bank pays \$1.36 a share quarterly dividend, which has been growing consistently.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CM (Canadian Imperial Bank of Commerce)

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