Retirees: 3 Dividend Stocks to Buy This Year

Description

Back in March, I'd discussed why it was more important than ever for investors to utilize their RRSPs. This was geared towards a younger demographic who will need to commit to a more self-directed style in a changing work environment.

Today, we are going to look at three stocks that are perfect in a retiree's portfolio. Interest rates have moved up gradually over the past two years but remain at historic lows. Ideally, even a retiree's portfolio should aim to keep up with inflation. This is very difficult in an account with mostly cash and GICs.

The three stocks below offer a combination of high yields and solid capital growth. It is worth noting that the broader market is pricey right now, and economic headwinds pose a particularly big danger to stocks in the financial sector. Retirees may want to wait for better entry points before pulling the trigger on some of these equities.

Scotiabank (TSX:BNS)(NYSE:BNS)

Scotiabank stock has climbed 4.4% in 2019 as of early afternoon trading on April 10. The stock was still down 8.2% from the prior year. Scotiabank had a disappointing quarter relative to its peers, as its adjusted profit dipped year over year.

However, the bank still elected to raise its quarterly dividend by $0.02 to $0.87 per share. This represents a 4.8% yield, which puts it in elite company among banks in terms of yield. Scotiabank has posted dividend growth for eight consecutive years. To add to that, Scotiabank stock offers the best value of the three we will cover today.

Power Corporation (TSX:POW)

Power Corporation is a Montreal-based diversified holding company with its primary interests in financial services and communications. Shares have surged 28.3% in 2019 so far. The stock is up

6.3% from the prior year.

In 2018, the company reported adjusted net earnings of $1.49 billion compared to $1.40 billion in the prior year. Power declared a 5.2% dividend hike in Q4 2018 to $0.4555 per share. It boasts a yield around 5%. However, the stock is trading near its 52-week high and last had an RSI of 66, which puts it close to overbought territory.

Great-West Lifeco (TSX:GWO)

Great-West Lifeco is a Winnipeg-based life insurance firm. Shares have climbed 17.6% in 2019 so far. The stock is still down 1.5% from the prior year.

In its most recent fourth-quarter report, Great-West announced a dividend increase of 6% to $0.413 per share. This represents a 5% yield. Great-West reported net earnings of $2.96 billion, or $3.00 per common share, compared to $2.15 billion, or $2.17 per common share, in the prior year. The company posted growth in its Canadian, U.S., and European segments in 2018 and enters fiscal 2019 in a strong capital position.

Great-West has built considerable momentum in 2019, and once again investors should be wary of buying as it hovers around its 52-week high. The stock entered April in technically overbought territory and is still within range as of this writing. Retirees should keep this premium dividend stock on their radar, but it is worth it to wait for a more favourable entry point.

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:GWO (Great-West Lifeco Inc.)
4. TSX:POW (Power Corporation of Canada)

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