Why Makes Rogers Communications (TSX:RCI.B) a Top Stock for Retirees?

Description

Investing for your retirement involves a different mindset. You're not after a quick kill. Rather your main goal is to preserve your capital and grow it slowly with steady dividend income.

With this strategy, you begin to plan early with an investment horizon, spanning over the next 10, 20, or 30 years. Once the time is on your side, the next challenge is to pick the right kind of stocks that grow your savings gradually. By the time you're ready to retire, you'll have a portfolio big enough to support your daily needs.

But the stage at which many potential retirees get stuck is when they have to select their investments. To get through this hurdle, I have a simple formula: invest in companies with a dominant market position, an efficient management and a friendly approach to income investors — meaning that these companies return a lot of cash to their investors.

Here is a top dividend stock that offers a great potential to multiply your wealth if you plan to invest in it for the long term.

Rogers Communications Inc.

Rogers Communications Inc. (TSX:RCI.B)(NYSE:RCI) is an attractive dividend stock to hold in your retirement portfolio. 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.

Rogers drives about 60% of its revenue from the wireless segment, 26% from its cable division, which includes high-speed internet, information technology, and telephony services to consumers and businesses, and the rest from its vast media assets.

If you're not familiar with the Canadian telecom market, then you should note that it's 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.

New technologies

Another thing that makes Rogers a top buy for retirees is that the company has been spending heavily on customer service and wireless networks.

In the country's first auction in April for airwaves that will support fifth-generation (5G) technology, Rogers invested more than $1.7-billion for the 600-megahertz airwaves, including 100% of the available airwaves in Southern Ontario, a densely populated region on top priority for any telecom provider.

The company is getting ready to deploy 5G, technology with various acquisitions across the country. It has partnered with mobile telecom equipment maker Ericsson for 5G trials in Toronto and Ottawa, among other cities.

Rogers's stock is not an ordinary telecom stock where you get most of your capital appreciation through dividends. It has outperformed all its peers over the past five years when it comes to total returns.

During the period its stock gained more than 60%, three times more than its close rival, **BCE Inc.** (TSX:BCE)(NYSE:BCE). The company currently offers an annual dividend yield of about 3% with the quarterly dividend payout of $0.5 a share.

Bottom line

Rogers Communications is a top dividend stock that retirees can find attractive, given its leading market position and the future growth potential. Trading at $71 a share at writing, Rogers is close to the 52-week high, so it may not be the best time to buy this stock. However, you can enter this trade when prices are more favorable and hold this stock over the long run.

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