



About to Retire? Look at These 2 Banking Stocks

Description

People who are about to retire or are making preparations need to at least save up for 20 years. Also, savings shouldn't stop when you get to the retirement age. The activity should continue in order to generate income after work has officially ended. The trend these days is to have stock-focused portfolios.

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) and **National Bank of Canada** ([TSX:NA](#)) are suitable stocks for would-be retirees. Bank stocks are not only safe but are capable of creating the [income needed to sustain retirement living](#) for the rest of your life.

A high-yield dividend stock

CIBC is one of the five largest banks in Canada and is well capitalized. The market capitalization of the diversified bank stands at \$46.7 billion, while the stock is currently trading at \$105.10. For the last 10 trading sessions, there is an upward trend developing.

Among the banking giants, CIBC appears to be the most progressive and innovative. The bank pioneered iPhone banking and introduced mobile wallets. CIBC is also the first elite bank to come up with free mobile credit scores for bank clients.

Besides being viewed as a forward-looking bank, CIBC pays very high dividends compared to the distinguished industry peers. The bank's five-year average dividend yield is 4.49%, but current shareholders are enjoying a lavish dividend yield of 5.19%. If you have savings to invest prior to retirement, CIBC is a good long-term stock.

A small but competitive bank

National Bank of Canada is not as celebrated or revered as the Big Five banks in Canada. The \$20.98 billion bank is comparatively smaller but is a banking giant and dominant force in a niche market.

The provider of financial services is the bank of choice of small- and medium-sized enterprises. The bank has large corporations too and has extended specialized services to international clients. Even with the implementation of stricter lending standards, the diminutive bank became more competitive and profitable.

National Bank's net income of \$2.145 billion in 2018 is 38.47% better than the net income in 2015. The growth estimate for 2019 is 3.80% with a higher forecast of 6.6% in 2020. When it comes to dividends, the bank's current yield of 4.06% is at par, if not better than the dividends of the so-called [Dividend Aristocrats](#).

Sound investments for retirees

I beg to differ with other analysts who are less convinced about CIBC and National Bank of Canada being alternative investment options to the larger banks. All banks are facing the same challenges and are covered by the same regulatory framework. Retirees should be mindful of this fact and the inherent strength of the banks.

The growing profits and the payout ratios of less than 50% of both banks are good reasons to attract prospective retirees. Canadian Imperial Bank of Commerce and National Bank of Canada are top-performing banks. There are no negative signs that could override my bullishness.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:NA (National Bank of Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/17

Date Created

2019/06/25

Author
cliew

default watermark

default watermark