



A Top Dividend Stock That Could Give You Income for the Rest of Your Life

Description

When you're searching for stocks that could help meet your [retirement financial needs](#), dividend stocks offer one of the best options. The reason I support buying dividend stocks for your golden years are very simple.

Dividend-paying companies tend to be higher quality with stronger balance sheets than non-dividend paying companies. Not only do dividend stocks as a group have less volatility, but they also outperform non-dividend paying stocks over time.

Over the last 90 or so years, dividends have accounted for more than 40% of the total return equation, according to Morgan Stanley, one of the biggest investment banks.

A study by Factset shows that dividend-paying stocks outperform their non-paying counterparts by a dramatic amount.

Between 1991 and 2015, non-dividend paying stocks earned just 4.18% return per year, while dividend paying stocks significantly outperformed with a 9.7% average annual return.

To get you started, here is an example of a top dividend stock from Canada that you may like for your retirement portfolio.

BCE Inc.

Among dividend stocks, some of my favourite picks belong to telecom utilities. I like these companies because they have very simple business models that often produce very strong income flows for their investors.

What supports stability in their cash flows is that no matter what happens to the economy, we have to pay our internet and cellphone bills. These recurring cash flows allow these companies to keep hiking their payout regularly.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest telecom operator with a massive moat that helps the company to generate strong cash flows. This leading position in the industry means that retirees

will continue to benefit as the company rewards its investors with higher payouts each year.

BCE's overall profit for the first-quarter ended March 31 was up 12% from a year earlier, as overall revenue improved by 2.6% to \$5.73 billion.

For the quarter-ended on June 30, analysts on average are expecting the company to report \$0.91 profit per share, up from \$0.86 from the same period a year ago.

With earnings momentum, another reason to buy BCE stock now is that its [yield has become attractive](#) relative to other safe-haven assets. Investors will be getting more than 3% premium when buying shares now when compared with the 10-year government bond, for example.

Bottom line

Trading at \$60.10 and with an annual dividend yield of 5.27%, BCE pays \$0.7926 a share quarterly dividend, which has been growing about 5% per year during the past decade.

But is this the best time to buy this top dividend stock? BCE stock is trading close to analysts' 12-month price target and it looks fairly valued. But I would definitely buy if this stock goes through a pullback and the yield once approaches 6%.

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