



## Retire Early With This Blue-Chip Dividend Stock

### Description

Saving for retirement is something that every Canadian should take seriously.

While most readers in Canada will already be eligible for our country's government-sponsored pension plan, those transfer payments ultimately won't add up to a whole lot of scratch when it's all said and done.

But whether you're just a young investor starting out or in the prime of your earning's window but feel like you're maybe a little late to the game, it's still never too late to start.

By opening a registered investment account with your local advisor or discount brokerage, you can take control of your finances and begin saving for what should be a bright and comfortable retirement.

The best investment advice for someone just getting started on this journey is to focus on making long-term investments in high-quality, well-run businesses that have a track record of returning cash to shareholders.

In recent years, more and more firms have begun adopting share-repurchase programs as their primary means of returning cash to shareholders.

Truthfully, share repurchases, or "buybacks," are not a whole lot different than when a company spends money to make dividend payments to its shareholders, but the biggest difference between the two would have to be the consistency in the timing and dollar amounts of the payments.

That's because companies that do buyback programs do so largely at their own discretion, meaning that they'll get authorized by their board of directors and the regulators to purchase up to a certain amount of their own stock, but they are under no obligation to actually go out and make those purchases in the open market.

By contrast, it's usually a really big deal when a publicly traded company announces any type of formal changes to its dividend policy, regardless of whether that change is to increase the payout, issue a one-time special dividend, but particularly if the announcement is regarding a suspension, reductions, or

even complete elimination of its current dividend.

The type of pressure that this type of expectation on the part of the market tends to place on a company's management and its board of directors means that companies are reluctant to make any swift and sudden changes to their dividend policies.

This helps to provide investors like yourself greater visibility as to the timing and amount of the future cash flows that they (and you) can expect to their investment accounts.

So, even if, in absolute terms, the dollar amount, or yield, of a company's dividend may seem relatively insignificant at first glance, it's worth noting that the fact a company's board of directors has taken the steps to initiate a formal policy in the first place is usually a pretty good sign that it plans to continue to make regular and consistent payments at least for the foreseeable future.

A perfect example of the type of situation I'm talking about is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Not only is Brookfield tapped into — as one of the market's leading companies, no less — the [fast-moving world of alternative energy solutions](#), it also pays its shareholders a 5.31% annual dividend that's expected to continue to be well supported by fixed long-term contracts with BEP's customers.

But even though there are lots of companies out there on the TSX Index paying [annual dividend yields of at least 5% or more](#) these days, there aren't a whole lot that have gone on record guiding for the types of increases to their payouts that Brookfield Renewable Partners has.

BEP's management and board of directors is on record as saying they expect the company should be able to increase its current payout by anywhere from 6% to 11% annually for the foreseeable future or until circumstances change.

Combined with the current dividend payout, it means that investors should have their sights on earning up to double-digit returns annually from a prospective investment in BEP right now, and that's something that should have them feeling pretty good about being on the right path towards retiring early.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

## PARTNER-FEEDS

1. Msn
2. Newscred
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