



## Lazy Retirees: Dividend Stocks Can Help You Earn a Growing Passive-Income Stream

### Description

Generating a growing passive-income stream in retirement is not necessarily a simple process. There are a wide range of options available, such as bonds, property and stocks, while the uncertainty facing the world economy could mean additional risk is present for retirees who are seeking a resilient income stream.

Dividend stocks, though, appear to offer an appealing risk/reward ratio at the present time. Their relatively high income returns, as well as the potential for long-term capital growth, may mean that they are an obvious choice for retirees who are aiming to enjoy financial freedom in older age.

### Relative appeal

While investing in assets such as bonds and property has been a popular means for retirees to generate a passive income in the past, both asset classes currently appear to lack appeal versus dividend stocks.

Bonds, for example, may offer relatively low income returns at the present time following a sustained period of historically-low interest rates. As such, they may be unable to provide a sufficiently high level of income for retirees.

Property, meanwhile, has enjoyed strong growth on a global basis over the last decade. Valuations across many regions now suggest that there may be less scope for similar returns in the medium term.

### Resilient income stream

Dividend stocks, meanwhile, continue to trade on modest valuations across a number of industries. As such, it is possible to obtain a relatively high income return while also benefitting from diversification across a range of sectors and geographies.

This could improve the resilience of your passive income stream though reducing company-specific risk. In other words, the impact of a company failing to pay its dividend would be more limited in a well-diversified portfolio when compared a more concentrated range of holdings.

With the stock market having a strong track record in terms of its growth performance versus other assets, stocks could offer a passive-income stream that outpaces those offered by other mainstream assets. As such, from a risk/reward perspective, they seem to have relative appeal on a long-term outlook.

## Buying opportunity

Of course, the world economy faces an uncertain near-term future. The prospect of a full-scale trade war between the US and China may hold back the financial outlooks of a wide range of companies, and could impact negatively on their valuations.

However, this could prove to be an opportune time to buy [dividend stocks](#). In many cases, investors may have priced in the potential short-term risks that they face, which may lead to a more favourable risk/reward ratio for new investors. Indeed, lower valuations can equate to higher present-day income returns.

Therefore, while dividend stocks may experience a volatile period, they appear to be the most attractive means of generating a growing income stream in retirement. Over the long term they offer capital growth, diversity and the chance to experience financial freedom in older age.

### CATEGORY

1. Dividend Stocks
2. Investing

### PARTNER-FEEDS

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

### Category

1. Dividend Stocks
2. Investing

### Date

2025/08/25

### Date Created

2019/08/28

### Author

peterstephens

default watermark