3 High-Yield Stocks for Retirees

Description

Canadian pensioners are searching for reliable stocks to add to their TFSA income portfolios.

The TFSA is great tool for all investors, but retirees can really benefit by using it instead of a taxable account to hold dividend stocks and REITs. The payouts are tax-free, and the earnings are exempt when the government calculates personal income to decide on potential OAS clawbacks.

Let’s take a look at three stocks that should be attractive high-yield picks today.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) might be much smaller than its two larger Canadian peers, but it is certainly no slouch. The company employs just under 100,000 people and holds more than $1 trillion in assets.

In fact, Bank of Nova Scotia is becoming a heavyweight in its own right, with new acquisitions boosting its position in Canada’s wealth management sector as well as in the Latin American operations.

The bank has invested billions of dollars in recent years to build its international presence, focusing on Mexico, Colombia, Peru, and Chile. The four countries have an alliance that allows the free movement of capital, goods, and labour. They have even linked their stock markets.

As the middle class expands in the region, Bank of Nova Scotia should see increased demand for credit and investment products and services.

The stock should be attractive for a buy-and-hold portfolio. Investors who buy today can pick up a solid 5% dividend yield.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a midstream player in the Canadian energy sector. The company has a wide array of assets and businesses ranging from pipelines to gas-processing facilities.

It has grown over the years through a combination of takeovers and organic development projects, and that trend is expected to continue amid ongoing consolidation in the industry. In fact, Pembina just announced a $4.35 billion acquisition.

The stock fell from 2014 to 2016 but has since regained most of the losses and is holding up well in the latest downturn in the energy sector. The board is raising the monthly distribution for the second time this year.

Investors can now pick up a 5% yield.

BCE

BCE (TSX:BCE)(NYSE:BCE) is widely held by retirees who like the communications giant for its reliable dividend growth and attractive yield.

The stock pulled back in 2018 when the market started to worry that rising interest rates would trigger an exodus out of BCE in favour of GICs and other guaranteed yield alternatives. The mood began to change late last year, and BCE is once again finding favour with income investors.

The medium-term outlook for interest rates is probably to the downside. The U.S. Federal Reserve has already made its first cut in the past decade, and Canada will probably follow suit if the American central bank cuts again in the coming months. This should provide additional support for BCE.

The board raised the dividend by 5% for 2019. At the time of writing, investors can pick up a 5.1% yield.

The bottom line

Bank of Nova Scotia, Pembina Pipeline, and BCE all pay growing dividends that provide above-average yield. If you only buy one, I would probably make Bank of Nova Scotia the first choice today, as the stock appears oversold.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BCE (BCE Inc.)
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