Want to Start Saving for Retirement? Here Are 2 Stocks to Help Get You Started

Description

Whether you've got years or decades left before retirement, it's never too late to start putting aside for it. At the very least, you can start accumulating some dividend income and hopefully benefit from capital appreciation along the way as well.

The two stocks that I've listed below could be great pillars to get your portfolio started, or perhaps add to it, that can offer some good long-term stability and dividends as well.

Canadian Pacific Railway (TSX:CP)(NYSE:CP) has proven to be a solid stock for investors, rising around 40% in the past five years. That averages out to a return of about 7% per year.

Add a dividend on top of that, and you've got a lot of growth for your portfolio. Admittedly, CP Rail's dividend of about 1% isn't going to get investors that excited about the stock. However, the good news is that CP Rail has been increasing its payouts.

Earlier this year, we saw an incredible 28% increase to the company's dividend. While investors shouldn't expect those types of increases for any duration of time, it's still an important signal to investors that the company is serious about making it a strong dividend stock.

There's the possibility that with stronger quarterly results ahead, we could continue to see large dividend hikes in the company's future. There is definitely an incentive for the company to raise payouts further, as doing so would help make it a more attractive option for investors that are looking recurring income.

Investing in CP Rail is also a good way to benefit from a growing economy, and that's where holding the stock in your portfolio can make it an ideal long-term investment. The only knock on the stock today is that it is not far from its 52-week high, and with a multiple of six times book value, it may be a bit pricey for some value investors.

However, it could make for a good stock to put on a watch list and wait to buy on a dip in price.

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a great stock to hold along with CP Rail in your portfolio. The utility provider won't be as reliant on the economy as a railway stock might be, as Algonquin will still have a steady stream of recurring revenue regardless of how the economy is doing. Utility stocks can be a safe alternative for investors that might be worried about a possible recession coming up.

What might be surprising is that even with the economy performing well, Algonquin has outperformed CP Rail over the past five years, climbing more than 90%.

Algonquin also offers investors a much higher yield. While I wouldn't expect a +20% increase in dividends from the company, investors won't require it, as the stock currently yields around 4.4%. That's a solid dividend that isn't too high or low and can be a great way to add to the stock's overall returns.

Another reason that Algonquin is a good buy is that with a beta of just 0.35, it is a much calmer stock than the markets as a whole, meaning that investors can stash this investment away and not have to worry about the volatility that other stocks may be experiencing.

Either of these two stocks can be great options for investors looking to buy and hold for years or even decades.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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