Retirees: 2 Safe High-Yield Dividend Stocks for Your Nest Egg

Description

Most retirees find themselves taking out money from their investments to cover their costs of living — an easy feat to pull off if the market is rising and the general outlook is good.

However, if you need to liquidate your assets while the market is down, it can be quite scary. What if you don't have another source that will help you get things back on track?

For this reason, retirees should rely on spending money from their dividends, which give you the cash you need to take care of the cost of living without having to sell your stocks. In times of economic uncertainty, that presents the most practical option.

I'm not saying that this is an entirely risk-free approach for your retirement income, however, as dividends aren't guaranteed and can be cut if things get tough.

Keeping the risks and the potential rewards in mind, here are the two stocks worth owning in a retiree portfolio because of their high dividends: **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Pembina Pipeline Corp** (TSX:PBA)(NYSE:PBA).

Read on to get a closer look at the two stocks and why owning the stocks will be suitable for your nest egg.

Canada's largest bank

RBC is the largest company in Canada, with a market capitalization of $141.2 billion at the time of writing. The RBC is one of those banks that's considered "too big to fail." If RBC if did fail, entire financial markets would destabilize.

Luckily, the Royal Bank is in fantastic shape. The company is stable, owns a significant capital and is profitable. Given the saturated nature of the Canadian banking market, one would assume that the company would find it tough to grow. However, the Royal Bank averages annual earnings per share, which increased by 7% to 10% over the medium term.

The reason why Royal Bank is such a good option as your nest egg is that the company came out of the last recession within a year and the shares of the company have grown by over 200% ever since.

And this, along with the fact that RBC has just increased its dividend yield to 4.29% with an average increase of 9.5% in the past five years, make RBC a golden nest egg.

Pembina Pipeline

After exhibiting a positive performance similar to the stocks of other utilities in the country, Pembina Pipeline has also seen the oil and gas sector struggles drive the company's stock down to a more reasonable price.

At the time of writing, the dividend yield of Pembina stood at over 5%. Pembina is a stock you should consider for your retirement income, as 5% stock yield is more than just a good entry point when it comes to dividend stocks.

You can rely on a monthly payout of around $20 per 100 shares from Pembina. With the yield rising steadily over the years, the most recent rise of Pembina's yield of 5.3% back in May is promising. Pembina is easily one of the top stocks for retirees.

Retire with ease of mind

While relying on dividends isn't a completely risk-free plan, I strongly believe that it's better than having to liquidate your assets and then reinvesting them given the economic uncertainty looming.

Investing in Royal Bank and Pembina offers you a better chance of receiving inflation-protected income throughout the best years of your life.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:RY (Royal Bank of Canada)

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