



Retiring Soon? You Might Not if a Recession Hits

Description

The news of a recession is causing panic to people nearing retirement. Although the effects won't be known until it hits, the mental stress could be overbearing. While the situation may be threatening your financial future, you can run to the safety of [highly stable dividend stocks](#).

In this trying time, review your holdings. Evaluate which stocks put your money at risk. Then pick energy stocks like **Inter Pipeline** (TSX:IPL) and **Suncor** ([TSX:SU](#))([NYSE:SU](#)) to fortify your portfolio.

Stable operations

Inter Pipeline is a world-scale energy infrastructure corporation that transports, stores, and processes energy products in two geographies: Europe and Western Canada. Its business is strong to counter the adverse effects of a downturn.

The company's active pipeline projects are in three segments, namely natural gas liquid (NGL), oil sands, and conventional oil pipelines. The total combined worth of the three major projects is \$3.7 billion.

In the NGL segment, IPL is building Canada's first integrated propane dehydrogenation and polypropylene complex. The Heartland Petrochemical Project is due for completion in late 2021. This project provides 13,000 jobs.

Once operational, the complex can convert locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene — a high-value, easily transportable plastic used in the manufacturing of a wide range of finished products. Before the Heartland project, IPL has a proven track record of stable and impressive growth.

Because IPL's contracts are long term, inflation adjusted, and commodity insulated, you'll be investing in a low-risk business model. Hence, the 7% dividend yield is, beyond doubt, sustainable.

Best upside potential

You won't have reservations investing in Suncor. This 66-year-old oil and gas integrated company is also Warren Buffett's top energy stock. And if there's someone who understands retirees' concerns, it's Warren Buffett.

The legendary investor mistook Suncor for a flawed investment. He sold his shares in 2016 only to reinvest in 2018. Many share his view that Canada's leading integrated energy company is a safe and dependable dividend-paying stock.

Suncor's operations include oil sands development and upgrading, offshore oil and gas production, petroleum refining, and product marketing.

This \$60.4 billion energy juggernaut is responsibly developing petroleum resources while growing its renewable energy portfolio. Growth is the main focus, and the company expects earnings to rise by 23% this year.

Whether the recession materializes this year or the next, the dividend yield of 4% isn't on shaky ground. Despite the weakness in the energy sector in the second quarter of 2019, Suncor's net income rose to \$2.7 billion, or a 177% increase versus the same quarter in 2018.

Knowing the [investing brilliance](#) of Buffett, he won't sell his Suncor shares anytime soon. Buffett chose Suncor because, among all energy stocks, it has the best upside potential. The company has yet to reach its full potential, so its real value is not what it is today.

Focus on your retirement and not the noise

The noise of the coming storm is a distraction. If you're nearing retirement, get rid of the weak stocks in your portfolio, and don't allow your emotions to rule. You're making a rational decision by investing in Inter Pipeline and Suncor.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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