Saving for Retirement? 2 Dividend Stocks to Get You Started

Description

Earlier this week I'd discussed a new report that showed a troubling number of Canadians are ill-prepared for retirement. If you are just starting to save for retirement, you shouldn't be discouraged. This is true no matter what age demographic you belong to.

Equities that boast income are always at home in a retirement portfolio. Whether you have a long or short horizon for investment, dividends are a nice boon that can allow you to re-invest in your top equities. Today I want to look at two top **TSX** stocks that are perfect for a starter's retirement portfolio.

Hydro One

Hydro One (TSX:H) is an Ontario-based utility. Utilities have performed well in 2019 in the face of collapsing bond yields and increasingly dovish central banks. Shares of Hydro One have climbed 26% in 2019 as of close on October 3.

The company boasts a monopoly in Canada's most populous province, so this is a great target for investors on the hunt for stability.

In the first six months of 2019 Hydro One has reported growth in revenues and adjusted earnings per share have increased to $0.78 compared to $0.68 in the prior year. Earnings took a hit in the second quarter due to unfavourable weather and higher financing costs.

Hydro One last bumped up its quarterly dividend payment to $0.2415 per share. This represents a 3.9% yield at the time of this writing.

The stock has gathered impressive momentum in 2019 but shares still possess a favourable price-to-earnings ratio of 15.9 and a price-to-book of 1.6. Anxiety over global growth and weakening bond yields should keep interest in utility stocks like Hydro One high as we look ahead to 2020.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is the second-largest financial institution in Canada. Shares have climbed 11% in 2019 as of close on October 3.

TD Bank has thrived on the back of its U.S. operations over the past several years, but the benefits of the *U.S. Tax Cuts and Jobs Act* have started to wane.

In the year-to-date period, TD Bank has reported adjusted net income of $9.55 billion compared to $9.13 billion in the first nine months of 2018. The U.S. manufacturing sector just entered a technical recession, making investors rightly nervous about the future of the economy south of the border.

TD Bank faces potential turbulence in the near term, but like its peers it is a worthy hold for the long term.

The bank last increased its quarterly dividend to $0.74 per share, representing a 4% yield. TD Bank has achieved dividend growth for eight consecutive years. The stock boasts a P/E ratio of 11.6 and a P/B value of 1.6, which are in line with its industry competitors.

Value investors may want to wait before pulling the trigger in the fall. Shares have fallen sharply to kick off October and further turbulence has the potential to make TD Bank a nice value buy in late 2019. Keep in mind the kind of value that was on the table during the market rout of late 2018.

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2. TSX:H (Hydro One Limited)
3. TSX:TD (The Toronto-Dominion Bank)

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