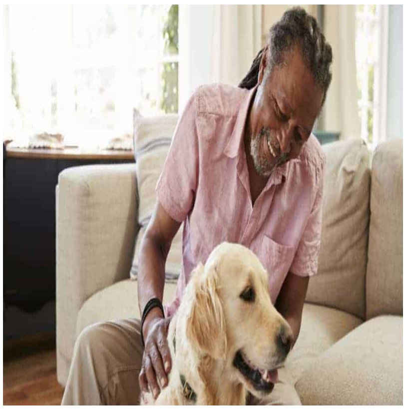

Retirees: Protect Your Retirement Savings From a Market Crash

Description

The worst fear of retirees is a market crash. When stock market volatility heightens, the anxiety level also increases. You might not be able to recover losses from your investments before retirement. The only option left is to protect your retirement savings from a market crash.

Retirement savings are safe only if your investments can provide a stable income stream and won't diminish substantially, even if the market declines.

History repeating

When the credit bubble burst in the U.S. in August 2007, the financial crisis began. It spread like wildfire until the crisis worsened in September 2008. While Canada was not at the epicentre of the crisis, the global stock markets posted its biggest drops in more than 75 years.

Generally, Canada catches a cold when the U.S. sneezes, and that was what happened during the 2008 Global Financial Crisis. It had severe implications for the Canadian economy since 75% of its exports are U.S. bound.

Today, the inverted yield curve and the protracted trade war between the U.S. and China are slowing down global economic activities. An economic downturn seems inevitable at this point.

Stock for retirement income

The trouble with a market crash is that you can't predict when it will occur. Many retirees address this concern by building a portfolio of retirement income. That is the only strategy you can use to protect your investments. One of the stocks that top the list is **Fortis** (TSX:FTS)(NYSE:FTS).

This $24.54 billion electric and gas utility company belongs to the TSX's Dividend All-Star list. Fortis has a dividend streak of 46 years. The stock's dividend yield of 3.41% is not the highest, but you're not in danger of incurring losses, even during a market crash.

Historical performance

Back in September 2008, Fortis was trading at $25.88. After a year, the stock was lower by only 3.82%, but the company did not reel from the market crash. Fortis even reported a 7% increase in total earnings at the height of the financial crisis in 2009. In 2010, the price rose by 20.5% to $30. From then on, it was an upward trend.

As of this writing, Fortis is trading at $56.65, which represents a 127.6% increase from $24.89 in September 2009. Fortis investors were not on the losing end during the most recent market crash. Many retirees soon lined up to invest in this reliable dividend-paying stock.

Refuge of investors

Great dividend stocks usually have a trifecta of characteristics — yield, growth, and reliability. Fortis has all three. Aside from paying a decent yield, it has high growth potential, which should combine to deliver respectable overall returns. In the next five years, the promise is to increase the annual dividend by an average of 6% yearly.

The long-term contracts in the regulated electric utility business to which Fortis belongs have been generating reliable cash flow for years. Since the demand for electricity is growing relentlessly, Fortis receives an earnings boost year in and year out.

With a market crash looming, you need to take preemptive steps to protect your retirement savings. You can ride out near-term or future market declines if you have Fortis in your retirement income portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:FTS (Fortis Inc.)

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