Retirees: 2 Low-Risk Stocks to Earn $500/month Above Your CPP

Description

When you are about to retire and looking to invest in stocks that you can depend upon for a consistent passive income, a high yield shouldn't be your prime concern. Instead, you should look for stocks that will keep paying what they are paying now and consider whether or not they will get through the economic downturns without cutting their dividend payouts. **Transcontinental** (TSX:TCL.A) and **Fortis** (TSX:FTS)(NYSE:FTS) are two such companies.

Largest printer in the country

Transcontinental is one of the market leaders in printing and flexible packaging. The company has been around for 44 years and has increased its dividends for 17 consecutive years. This stable history is further augmented by the company's solid beta of 0.95, meaning that the company will follow the overall market, albeit with a little less volatility.

The stable beta combined with the company's history of increasing dividends (even at the time of financial crises) makes it an ideal long-term investment for consistent passive income. If you want to create a healthy stream of $500 a month in addition to your CPP income, Transcontinental's high yield is your ally. The current beta is a mouth-watering 5.79%.

This yield means that with a little over $100,000, say $110,000; you will be getting a monthly $530 payout. It's a very decent secondary revenue stream. The company is trading at a yearly low of $15.3 per share. This price is ridiculously low and might indicate a perfect time to buy into this low-risk stock. The company's price-to-earnings ratio at 11 is also a bit low, as is its price-to-book ratio of 0.82.

Transcontinental is engaged in a dependable business and will most probably continue to deliver on its promises to its investors. And at its current undervalued share price, it's a bargain.

The utility giant

Century-old Fortis is as dependable as stock as they come. Whether you look at the company's growth numbers or its dividend history, the company seems rock solid. This $23 billion giant is serving more than three million consumers. It's a very sustainable revenue stream, because even through the worst of financial crises, people prioritize paying their utility bills.

Apart from the business model, Fortis's low-risk stance comes from its very low beta as well. At 0.14, the company is not following the benchmark index and shares very little of the market's volatility. But that doesn't mean it's underperforming in any way. With a 32% growth compared to the S&P/TSX Composite Index's 15%, in the past five years, the company has outpaced the market at twice the speed.

The capital growth potential is not the only good news for investors. For retirees, Fortis's generous dividend payouts are a boon. The company has increased its dividend payouts for 45 consecutive years. The current dividend yield is a decent 3.57%. This means that an investment of $175,000 will land you a passive income of more than $520 a month, with no indication of thinning out anytime in the future.

Foolish takeaway

Low-risk stocks are a great way to solidify your portfolio. Such stocks are also the best way to create a dependable secondary income. Choosing stocks that will ensure a sum of $500 in your hand every month alongside your CPP income can grant you the peace of mind you hoped for in your retirement years. So, instead of chasing around very high but unsustainable stocks, consider these two Dividend Aristocrats for a carefree passive income.

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