Retirees: 1 Perfect Low-Risk, High-Yield Dividend Stock to Hold During a Market Crash

Description

Many investors lost money during the 2008 financial crisis. It was the worst stock market crash since the Great Depression. While another depression seems improbable at this time, no one can predict when the next market crash will occur.

Retirees relying on investment income in particular need to play it safe. You can't afford to see a declining market deplete your savings. Fortunately, there is one perfect low-risk, high-yield dividend stock you can depend on during a market crash.

Roll with the punches

If you're worried about the market getting out of control, consider investing in **Emera** (TSX:EMA). This utility stock has proven its resiliency to survive a deep downturn. During the 2008 meltdown, the energy demand in Canada fell by less than 5%, while stock prices dropped sharply.

Emera didn't crash but instead gained nearly 17% ($21.43 to $25.07) from the start of 2008 through the end of 2009. This $13 billion geographically diverse energy and services company displayed strength in the face of uncertainty.

The company continued its electricity generation, transmission, and distribution operations throughout North America and Caribbean countries. There were no disruptions in the gas transmission and utility energy services. This success proves that Emera can roll with the punches.

Low-risk business

Since Emera has built its businesses around resiliency and long-term success, another depression shouldn't be too much of a concern. Betting on a utility company that plays a crucial role in power consumption isn't a gamble. Also, the demand for energy in Canada is continually increasing as it had over the last five decades.

The key takeaway is that the business model of Emera is low risk. It's almost wholly regulated, as more than 95% of its assets are regulated. Regardless of where the economy turns, a specific rate base and pricing is guaranteed.

In 2018, Emera cleaned its balance sheet by selling several assets and paying down debts. The company needed to maintain its investment-grade credit rating. It's also a way of proving that management is aiming to be a self-funded utility company.

Attractive returns

Had you invested $10,000 in Emera some 20 years ago, the total return would have been 845.82%. The average annual return is 11.89%, including the reinvestment of dividends. In terms of the absolute amount, your money would be worth $94,585.70.

Currently, Emera is trading at $55.23 per share and is paying a 4.44% dividend. If your investment window is 20 years and capital for investment today is $50,000, the maturity value is $119,208.51.

The gain of the stock as it approaches year-end 2019 is 32.4%. Analysts covering the stock are forecasting the price to climb by as much as 19.5% in the next 12 months.

Low-beta value

Emera possesses a low beta value of 0.25, which typically means the stock is less risky but with low returns as well. A stock with a beta of more than one implies that it's more volatile than the overall index.

This utility stock is ideal for risk-averse retirees with lower-risk tolerance. You won't mind paying a premium for a low-risk, high-dividend stock that can protect your money during a market crash.

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