Retirees: Give Yourself a Raise in 2020 With This High-Yield Dividend Stock!

Description

For Canada's retirees, CPP and OAS just aren't cutting it.

That's the implication of a 2019 **Sun Life** report, which found that 44% of Canadian retirees expect to work until 66–not because they want to, but because they won't be able to make ends meet otherwise.

It's not surprising. With the average CPP payment coming in at just $679 a month and OAS maxing out at $613 for a single person, the two programs *combined* don't pay for a one-bedroom in some of the nation's biggest cities.

Retirees with employer-sponsored pensions may be luckier, but with defined-benefit pensions in decline since the 1990s, they're not something to count on long term.

Fortunately, for retirees with some savings sitting around, there's an easy way to boost retirement income. By investing in high-yield dividend stocks and ETFs, you can draw regular income without eating into your savings.

At an average portfolio yield of 4%, you'll get an extra $4,000 a year with $100,000 invested. The following is one stock that could contribute to a diversified portfolio yielding about that much.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is one of Canada's smaller utility companies. It operates almost entirely in the U.S., under its Liberty Power and Liberty Utilities subsidiaries.

The company is unique in that it is making heavy investments in wind, solar and hydro power. These are green energy sources with a good chance of making it through any future climate change regulations unimpeded, in contrast to traditional electricity sources like coal.

Algonquin's business strategy seems to be working, as it has increased its net income from $97 million to $184 million in the last three years, and approximately doubled its revenue in the same time frame.

A great stock for any market

One big thing AQN has going for it is that it stands to benefit in bull or bear markets.

The reason is that, as a utility, it has a highly recession-resistant revenue stream. During recessions, businesses and consumers typically cut down on spending, which hurts many industries.

However, electricity and heating are among the last things people will cut out of their budgets, as they are among the most basic necessities of life. It's for this reason that utility companies like Algonquin tend to fare better in recessions than other types of companies.

A s0lid dividend yield

A final fact worth mentioning about Algonquin is that it has a solid dividend yield of 3.93%, which means that the stock pays out $3,930 in annual income for every $100,000 invested.

For retirees, income is a top investing priority, as they depend on it more than any other age demographic. It's for this reason that retirees are often advised to invest in bond funds.

However, utility stocks like Algonquin often have much higher yields than bonds do as well as far more upside, making them the preferred option for retirees who can afford to take on a small amount of risk.

CATEGORY

1. Dividend Stocks
2. Investing

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