



A Top Canadian Dividend Stock to Boost Your Retirement Income

Description

Amid an environment in which rates on the safest investments, such as GICs and bank savings accounts, are close to zilch, it's very difficult for Canadian investors to earn a handsome return on their [retirement portfolios](#).

In order to make a meaningful contribution to their retirement goals, investors have to invest in stocks that yield more than the risk-free assets.

With this objective in mind, it makes sense for retirees to pick companies with a durable competitive advantage, strong recurring cash flows, and a clear bias to return capital to investors in the shape of dividends and share-buyback plans.

Utilities stocks fit nicely into this category. Utilities are considered a defensive play because these companies continue to pay dividends even when markets take an ugly turn.

Many utilities, such as telecom companies, pay regularly growing dividends, allowing their investors to earn a bond-like income even if the share prices don't appreciate much.

With low interest rates making bonds themselves less attractive, utility stocks have become more attractive.

What makes BCE a top dividend stock?

Among the best-performing utilities stocks is **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), Canada's largest telecom operator with a massive moat that helps the company generate strong cash flows.

This leading position in the industry means that retirees will continue to benefit, as the company rewards its investors with higher payouts each year.

The company is spending billions of dollars to improve its network and to get ready for the rollout of fifth-generation services in the coming years. The company spends roughly \$4 billion annually on wireless and fibre network and service development.

These investments are keeping the company's earnings momentum strong and adding more subscribers to its network. In the third quarter, BCE's adjusted earnings before interest, tax, depreciation and amortization rose 5.6% to \$2.59 billion, as the company added 204,000 wireless subscribers, a 15% jump in the number it added a year ago.

Verdun, Quebec-based [BCE](#) has three business units operating primarily in Ontario, Quebec, Manitoba, the Atlantic Provinces and the Northern Territories. Its wireline division offers data, internet and TV services and accounts for about half of sales.

For retirees who depend on the company's payouts, BCE has been a decent investment. During the past decade, the company has more than doubled its payout to \$3.17 a share annually.

In 2020, BCE stock looks more appealing as the Bank of Canada remains firmly on the sidelines, keeping bond yields low. Trading at \$62.80 with an annual dividend yield of 5% at the time of writing, BCE stock is still a good addition to a long-term portfolios.

Bottom line

Even in this low rate environment, retirees can still earn a better return to improve their retirement income. In order to achieve that goal, they need to buy some top-quality dividend stocks and hold them for a long time.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BCE (BCE Inc.)
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