Baby Boomers: 2 Safe Stocks to Buy If You're Close to Retirement

Description

A baby boomer is an age group born between 1946 and 1964. If you are a boomer, you are most likely retiring in the near future. As an investor, this is the time where you should focus on low-risk, safe options that might not be classified as growth stocks, but will reassure you that your investment will remain out of harm's way in golden age.

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Speaking of safe investments, utility stocks are one of the best options to put in your RRSP. Many factors make utility stocks a safe investment choice.

To begin with, utility companies don't face any competition. Any utility company, whether it's an electric, water or gas entity, is a monopoly of its respective sector and the region it operates in.

Also, utility companies never run out of business. Utilities are basic life amenities and thus always in demand. The government support is another factor that helps utility companies to keep their stocks profitable and less volatile.

If you are a soon-to-be retiree and want to keep your fortune safe and growing, you should consider buying these two utility stocks.

Emera

Emera Incorporated (TSX:EMA) is an energy company that operates across the continent of North America, including the Caribbean. Emera reported revenue of over $6 billion in its annual report for the fiscal year 2018. The company is offering a reasonable dividend payout of 4.09%, given that it has recorded stabilized growth over many years.

If you had invested $10,000 in Emera in January 2010, you would have tripled your investment today. The same capital gain could happen over the next 10 years because Emera has a firm footing in the North American energy sector. The company is not just funnelling its profits in its core business but is also investing in green energy projects to adapt to future needs.

Fortis Inc.

Fortis (TSX:FTS)(NYSE:FTS) is an electric utility company, operating in Canada, U.S., Caribbean as well as Central America. It is another utility stock that could be a great addition to your RRSP. Barring some minor hiccups, Fortis stock has been experiencing a constant upward trend since its IPO in the **TSX i**n 1995.

At present, the company is offering a dividend yield of 3.28%. The five-year return of 71.97% also suggests that it could be a good buy for your portfolio if you are close to retirement. The future goals of the company also indicate that Fortis will continue to grow at the current pace, if not more.

To put things in perspective, a retiree who bought $10,000 worth shares of Fortis in January 2009 has its investment standing north of $27,000 at the end of last year.

Conclusion

Inflation has now become a constant element of the economy. It can be more hurtful for retirees, especially if their savings are stale and not growing. Utility stocks like Emera and Fortis let you make your savings inflation-proof without incurring unreasonable risk.

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