CPP Pension User: Bankroll Your Retirement With 2 High-Yield Dividend Stocks

Description

One miscalculation people commit is not investing early. Many got used to having only one source of income throughout most of the working years.

Today, retirees are discovering that retirement expenses are expensive too. You need to have several sources of income, because you won't be able to meet the financial challenges by depending on your pension alone. Longer life expectancy, medical or healthcare costs, and rising inflation could deplete retirement savings.

A solution to ease the pressure of retirement is dividend stock investing. You can bankroll your retirement by owning high-yield assets. With **Telus** (TSX:T)(NYSE:TU) and **National Bank of Canada** (TSX:NA), your money can significantly grow over time. More so, you'll put an end to your fear of outliving your nest egg.

Telco pacesetter

Telus has been growing its revenues, earnings, and dividend payouts consistently over the last 15 years. This company and two other telecom giants are monopolizing the wireless industry. TV and internet services are its latest growth vectors. Add the 5G technology as a tailwind, and you have a solid income producer.

There are three good reasons to consider Telus. The financial profile is outstanding, as shown by its strong balance sheet and investment-grade rating. Pursuing growth opportunities won't be a problem, since Telus has easy access to capital markets.

Telus is also in the driver seat when it comes to technology leadership. By continually enhancing its broadband networks to world-class status, the customer base is increasing by the thousands. Among industry peers, Telus ranks number one in customer service.

Robust shareholder returns are the crucial third element. Because of its multi-year dividend model, Telus was able to return $1.8 billion as dividends to shareholders since 2018.

Bank wonder

National Bank stole the limelight from the Big Five banks in 2019. In the fourth quarter, this $24.78 billion bank impressed the banking community with double-digit increases in earnings per share (EPS) and return on equity (ROE).

While its bigger counterparts were raising loan-loss reserves and making massive restructuring charges, National Bank was busy implementing a major transformation and enhancing technology to serve customers better.

It’s a bit surprising that National Bank remains underrated. The bank is a serious player in wealth management and the capital market, although the concentration is in Quebec. A private banking branch, however, is now open in Western Canada to add business growth.

Also, the lower exposure to the mortgage business insulates the bank in the event of a housing market crash. Besides, having a stronghold in Quebec, whose economy is more vibrant in comparison to other provinces, is a plus factor. Also, with nine years of dividend increases, National Bank deserves consideration.

Self-reliance

For good measure, I would pick dividend stocks with yields above 3%, payout ratios of less than 80%, and established track records of dividend increases to fuel my retirement income.

Telus pays a 4.4% dividend, while National Bank offers 3.87%. The payout ratio of the former is 76.91% and the latter is 41.96%. Plug in the dividend increases of 15 and nine consecutive years, respectively, and you would be self-reliant in retirement.

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