



Retirees: 1 Income Stock to Buy in Falling Markets

Description

Falling markets are producing [buying opportunities](#) for investors. [Retirees](#) who have the cash to invest will be able to purchase stocks with inflation-crushing dividends at these current levels. If you are looking to get more income from your investing dollar and have some GIC money coming up, it might be a good idea to take a look at these income-generating stocks.

One core stock that many Canadians own is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), one of the largest telecoms in Canada. This telecom giant is trading at levels not seen for years, making it a compelling buy at this level. Although it has bounced back since it sunk below \$50 a couple of weeks ago, it is still sitting at an attractive level.

A great income play

BCE currently has a yield of about 6% at the time of this writing, making it a fantastic income stock for retirees as a part of a well-diversified portfolio. The stock is a dividend-growth champion with strong cash flow from a variety of sources.

While I will never say that any dividend is 100% safe, BCE's payout is more secure than many other income alternatives. Its strong cash flows have continued to power its payouts and dividend growth over time. It raised its dividend by 5% earlier this year, further proving the strength of its cash flows and the resulting payout.

The CEO recently went on record reaffirming the company's position on its payout. He stressed that the company's networks were performing extremely well considering the increase in traffic.

One stock to own during this difficult time

BCE is also one of the best stocks that you can own in Canada during the coronavirus epidemic, given the fact that pretty much everyone is relying on the internet at the moment.

First of all, practically every business meeting in Canada right now is being conducted online. As such, BCE provides the groundwork for these interactions. Without the hardware in place, businesses would

not be able to use online meeting providers. Considering all of the use this hardware is experiencing, BCE is still operating fantastically 99.995% of the time, according to the company.

There are always risks

To be sure, there is no such thing as a perfect investment. There are always risks, and if you are investing in BCE with your retirement money, you should be aware.

The biggest risk to the company is its debt, of course. Telecom companies like BCE are hugely capital-intensive operations that require an enormous amount of spending. BCE has invested heavily in its operations and its hardware. Its investment in 5G networks is just one example of the spending it undertakes to remain competitive as it strives to meet customer demands.

BCE also faces political risks, with the Canadian government making demands of it to reduce prices for consumers. It's no secret that Canada's telecom fees are very relatively high compared to other G7 nations. This has prompted the Canadian government, as recently as early March, to demand the telecoms lower their prices.

Furthermore, it strikes me that BCE is most likely not immune from a prolonged recession. If we enter a time of high unemployment, many customers may choose to reduce their plans or cancel some altogether. This could be a negative headwind going forward.

The Foolish takeaway

As a member of a telecom oligopoly in this country, BCE enjoys a position of strong cash flows and solid customer retention. This makes the company a solid dividend prospect for income-focused retirees. Its high dividend yield should remain safe throughout the coronavirus situation, as its services and products remain in high demand.

There are risks, such as the company's large debt load and political headwinds, as well as the fact that a prolonged recession could reduce income from its customers. Nevertheless, this is a company in a strong position, which will likely continue to be used in the coming years.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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Author

krisknutson

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