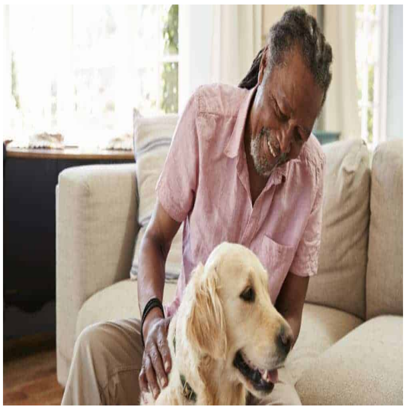

Retirement Income: 2 Stable Income Stocks to Buy Today

Description

The market can stay irrational longer than you can stay solvent, a wise investor once said. At this point in history, it is easy to see how that saying can be true. This is one of those irrational times in history when certain stocks keep rocketing upwards, taking the general market with them.

Looking at the indices, you would think that we are in the throes of the golden age of growth, rather than at the beginning of a time of severe economic stress.

For this reason, it's more important than ever to invest in companies that generate steady cash flow with secure, increasing dividends. Those stocks are certainly fewer and more far between than is usually the case. Dividend giants are cutting or suspending their dividends left and right as they struggle to make sense of one of the greatest economic shocks of our time.

This has made the situation for retirees relying on investment income especially dire. Getting 2% from GICs isn't especially inspiring, so going into the equity market for yield is almost a necessity. You therefore need to choose the stocks that can provide as secure an income as you can possibly expect in these uncertain times.

Focus on cash flow

As tempting as it can be to jump into the latest high-yield investments, it might be better to stay away from those stocks until the craziness dies down. Dividends in excess of 10% are cut left and right these days. Instead, try buying steady, dividend-paying stocks with lower yields that can give you inflation-beating cash flow while you wait for the economy to start firing again.

One of the best sectors for cash-flow generation is the telecom sector. Right now, retiree investors can buy shares of companies like **Telus Corp.** (TSX:T)(NYSE:TU) with a better-than-5% dividend yield. Over time, getting a yield this high from the telecom has been a pretty rare occurrence. Considering the stock has raised this dividend for several years with the goal of increasing its payout by 7-10% annually.

Telecoms also have another advantage in this particular crisis. With everyone staying at home, networks have been given a workout. The company has managed to keep its networks running at nearoptimum capacity during this time of crisis. If more businesses continue to conduct their operations online, companies like Telus are sure to benefit.

Energy utilities are another sector that will see continued demand. We all use lights, turn on our heat or air conditioning, and cook food, making this a must-have resource. As a result, dividend giant **Fortis Inc.** (TSX:FTS)(NYSE:FTS) has a lot to offer.

After a bit of a run in the share price, the utility doesn't have much of a yield at 3.51%. But that yield grows like clockwork as the regulated earnings power steady dividends.

The bottom line

Owning shares of companies like these are vital for providing steady reliable income. Although income has become very difficult for retirees in recent years, these are steady dividend growers that complement an income portfolio. Their stable businesses should power inflation-beating income growth for years to come.

These stocks are about as steady and reliable as any stock can be. They are not zero-risk investments, though, so you still need to be aware of the fact that any stock can get into trouble in difficult conditions.

As a small portion of your income portfolio, they will give you sufficient cash flow and dividend growth with about as much security as you can possibly expect from stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
4. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/05
Date Created
2020/05/07
Author
krisknutson