



Retirees: Supplement Your OAS and GIS With This New Response Plan and Dividend Stocks

Description

Over the last two months, the Government of Canada has announced a slew of measures to help Canadians combat the impact of the COVID-19 crisis. Prime Minister Justin Trudeau recently announced additional financial support targeted to Canadian retirees.

The Canadian government has already invested \$1.3 billion in a one-time special payment through the GST (goods and services tax) credit in April. Over 4 million seniors benefitted from this plan. On average, seniors received \$375. This figure stood at \$510 for senior couples.

Yesterday, Trudeau announced additional financial support of \$2.5 billion for seniors. This is a one-time tax-free payment of \$300 for seniors eligible for the Old Age Security (OAS) pension. Seniors eligible for the Guaranteed Income Supplement (GIS) will receive an additional \$200. This will provide up to \$500 in support to individuals who are eligible for the OAS and GIS. There are 6.7 million seniors eligible for the OAS and 2.2 million are eligible for the GIS.

The maximum OAS payout stands at \$613.53

The OAS is Canada's largest pension program. It's funded from the country's general tax revenue and is a monthly payment to people over the age of 65. The OAS payout depends on several factors including the length of your stay in Canada. The maximum monthly payment [for an OAS pension holder](#) is \$613.53.

Seniors should not just rely on the above-mentioned financial support. You need to ensure another stream of recurring income to supplement these payouts. One way to support these payouts and increase wealth is by investing in dividend-paying stocks.

Invest in recession-proof utility stocks

Utility stocks are considered recession-proof, as people are likely to keep paying their gas and

electricity bills. This ensures a steady stream of cash flows for utility companies that allows them to keep paying dividends even in uncertain macro-economic conditions.

Canadian Utilities ([TSX:CU](#)) is one such stock that is ideal for income investors. With \$20 billion in assets and over 4,600 employees, Canadian Utilities is a diversified global energy infrastructure company.

CU is a Dividend Aristocrat with a long history of dividend payouts. It has increased dividends for 48 consecutive years. The stock is currently trading at \$31.4, which is 27% below its 52-week high.

However, the recent pullback means that Canadian Utilities has a forward yield of a tasty 5.55%. This means a \$10,000 investment in the stock will result in annual dividend payments of \$555. Its dividend payout is reasonably safe as the company is resilient to economic cycles.

About 95% of CU's adjusted earnings in 2019 [came from its](#) regulated utility business. The regulated nature of Canadian utilities' business ensures stable earnings and cash flows. This which makes a dividend cut highly unlikely. A quality dividend stock helps generate predictable cash flows. It also provides investors with an opportunity to grow wealth via capital appreciation and is ideal to support pension payments such as the OAS.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

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