



## Retirees: Getting OAS? You May Get an Extra \$500!

### Description

This week, the Government of Canada announced that Canadians who qualify for the Old Age Security (OAS) will get [a one-time payment](#) of \$300. Those who qualify for the Guaranteed Income Supplement (GIS) will get an additional \$200.

The government is doing this in response to a rise in the cost of living for seniors during this COVID-19 period.

What if you don't need the extra money right now?

### Even a small investment goes a long way

If you don't need to spend the \$300 or \$500 of relief money right now, consider investing in a robust dividend stock to increase your income.

Retirees, especially those with little experience in investing, will probably feel the most comfortable putting their money in a brand they trust.

For example, you might consider buying shares of **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) or **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) — both are leaders in their industries.

Even a small investment goes a long way. By becoming a part-owner of RBC or BCE, you'll receive a nice passive income from quarterly dividend payments.

### Get a 5% yield from Royal Bank stock

Having 150 years of operating history on its back, Royal Bank has survived devastating events, including the First World War, the Spanish influenza epidemic that killed 30 million people around the globe, and the stock market crash of 1929 associated with the Great Depression.

Likewise, Royal Bank will survive through the COVID-19 pandemic. Its diversified business consists

primarily of 49% of earnings from personal and commercial banking, 21% from capital markets, and 20% from wealth management.

At writing, RBC stock provides a yield of about 5.2%. Despite a bad year, its payout ratio is expected to be about 55%, which would have strong coverage for its safe dividend.

At \$82.50 per share, Royal Bank stock trades at about 9.3 times last year's earnings. Specifically, in fiscal 2019, the top bank reported net income of \$12.8 billion. In a normal market, the bank has that kind of formidable earnings power!

RBC stock's normal price-to-earnings ratio is about 12.2. Therefore, the stock trades at a discount of approximately 23% from its normal levels.

## Get a 6% yield from BCE stock

BCE is another dividend stock with a long history in Canada that's loved by retirees. Bell Canada and its predecessors have been operating for about 140 years.

BCE is going to survive this COVID-19 pandemic likely with less impact on its earnings than Royal Bank. Due to the virus, the telecom company saw increases as much as 60% in its peak internet traffic. Internet usage also grew 40% in rural regions. It also experienced 25% growth in live TV viewing and 75% growth in Crave viewing.

In the first quarter, BCE's revenue declined marginally by 0.9% to \$5,680 million year over year. Its adjusted EBITDA grew 1.4% to \$2,442 million with a margin expansion of 1% to 43%. Net earnings fell 7.3% to \$733 million, but adjusted earnings per share had stable growth of 3.9% to \$0.80. Cash from operating activities fell 4.3% to \$1,451 million and free cash flow declined 2.3% to \$627 million.

Simply put, COVID-19 had a limited impact on BCE in Q1. However, the company expects a bigger impact in Q2. BCE stock is experiencing a selloff and offers a decent yield of nearly 6.1%.

## The Foolish takeaway

Retirees do not need to rush into the stock market if they have extra cash on their side. Because there's increased volatility in the stock market this year, you can probably buy stocks at even cheaper prices over the next few weeks and months.

Once you are invested in solid [dividend stocks](#) like RBC and BCE stocks, try to ignore the gyrations of the market. Sit back, collect passive income from dividends, and enjoy your retirement. In a year or two, you'll likely be enjoying even greater dividend income as well as some nice stock price appreciation.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
4. TSX:RY (Royal Bank of Canada)

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