How Canadian Retirees Can Enhance Their 1-Time COVID-19 Aid

Description

Last week, the Canadian government announced one-time financial support of up to $500 to eligible seniors. The coronavirus pandemic has horribly crushed business activities as well as individuals' finances in the last few months.

The aid came in the wake of increasing living expenses, particularly for seniors, due to the pandemic-driven lockdown. Canadian seniors will receive these extra benefits as a part of the COVID-19 Economic Response Plan.

Any senior eligible for the Old Age Security (OAS) pension will receive $300, while those eligible for Guaranteed Income Supplement (GIS) will receive an additional $200. Importantly, seniors do not need to apply for this additional one-time aid. Those qualified for both OAS and GIS will collect $500 tax-free.

Considering the high cost of living in Canada, this one-time benefit will not go very far for most Canadians.For this reason and many others, it will always be beneficial to have more than one income stream, particularly in the sunset years.

Canadians who are still working and have time before they retire can create a passive income stream instead of solely depending on government aid in later years. This will help maintain their standard of living throughout retirement. It can also help avoid having to depend on last-minute options like the recent government support.

Luckily, there are a few safe options in Canada that will generate a steady income for investors for the future.

Use TSX stocks to generate a stable income stream

Enbridge (TSX:ENB)(NYSE:ENB) is one such stock that will continue to pay dividends for the long term. Although energy markets in general look gloomy, Enbridge stock looks well placed. This is mainly due to its indirect exposure to oil prices.

Enbridge stock offers a dividend yield of 7.5% at the moment, much higher than **TSX** stocks at large. If you invest $50,000 in ENB stock, you will earn quarterly dividends of $920 in 2020.

Also, these payouts will likely keep on increasing, given Enbridge's record of dividend growth. Enbridge has increased dividends at an astounding rate of 11% compounding annually in the last 25 consecutive years.

Investors should note that Enbridge has stable earnings, which facilitates stable dividends. Unlike oil-producing companies, its earnings are not driven by volatile crude oil prices. It has an unmatchable set of energy midstream infrastructure that generates steady cash flows for the company.

All in all, Enbridge stock offers an attractive total return opportunity for long-term investors in these volatile markets.

Canadian Utilities

The utility sector is another space investors can consider putting their hard-earned money for the longer term. **Canadian Utilities** (TSX:CU) is a regulated utility company that generates stable earnings and ultimately stable dividends for its shareholders.

Canadian Utilities stock yields 5.7% at the moment. That means an investment of $50,000 would generate a quarterly dividend of $710 in the current year. Also, with 48 years consecutive of dividend increase, CU holds the crown for the longest payout increase streak in Canada.

Most importantly, utilities' earnings largely remain stable during economic downturns. It is one of the essentials of life. Even during recessions, most consumers don't stop paying their utility bills.

Utility stocks such as Canadian Utilities are some of the best picks to hold in bull as well as in bear markets.

As stated earlier, it will always be better to have more than one income stream in the sunset years. These dividend stocks not only offer safety but are also capable of solid total return generation over the long term.

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2. TSX:CU (Canadian Utilities Limited)
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