# Retirees: 3 Discounted Dividend Stocks Yielding up to 6.1%

## Description

The past decade has seen interest rates plummet across the developed world. Canada has been no different. In responses to the COVID-19 pandemic and the subsequent economic turbulence, the Bank of Canada dropped the benchmark interest rate to 0.25%. This climate has been great for lenders and those seeking credit, but savers have been punished. Retirees are being forced to take on added risk in order to generate passive income in their twilight years.



Today, I want to look at three dividend stocks that are worth scooping up for retirees right now. These blue-chip stocks offer solid income and long-term stability. Moreover, equities bought on the cheap can also provide some added capital growth in the years to come. Let's dive in.

## Retirees: Target these Canadian heavyweights this summer

Bank stocks have struggled in 2020 in the face of this economic crisis. However, in the long term, these profit machines should still be trusted. **Scotiabank** (TSX:BNS)(NYSE:BNS) has seen its stock drop 17% in 2020 as of close on June 16. However, its shares are up another 17% in the past month.

In the second quarter, Scotiabank reported provisions for credit losses of $1.84 billion — up 111% from $873 million in Q2 2019. This drove down profit 40% over the prior year. However, diluted earnings per share came in at $1.04, which beat analyst expectations. Retirees will be happy to know that Scotia maintained its quarterly dividend payment of $0.90 per share. This represents a tasty 6.1% yield.

Better yet, shares of Scotia last possessed a price-to-earnings (P/E) ratio of 9.6 and a price-to-book (P/B) value of 1.1. This is attractive value territory relative to industry peers.

**Suncor Energy** and other Canadian energy stocks have had a tough time of it in 2020. Shares of Suncor have dropped 39% in 2020 so far. However, the stock is up 33% over the past three months. Oil and gas prices have rebounded in response to a cooling of tensions within OPEC. More importantly, demand is starting to snap back, as countries around the world reopen their economies.

Retirees looking for exposure to energy should consider Suncor for their portfolios. The company was forced to drop its quarterly payout to $0.21 per share, representing a 3.3% yield.

## My top dividend stock to grab right now

When this year started, I was very bullish on **Manulife Financial** (TSX:MFC)(NYSE:MFC). Insurers like Manulife are well positioned to benefit from the growth of the middle class in Asia. This development has led to soaring demand for insurance coverage. Manulife's long-term potential and fantastic dividend history make it perfect for retirees.

Shares of Manulife have dropped 26% in 2020. The stock has climbed 20% month over month. In the first quarter of 2020, the company saw net income fall $900 million year over year to $1.3 billion. The company achieved net inflows of $3.2 billion in Global Wealth and Asset Management. On May 6, Manulife declared a quarterly dividend of $0.28 per share, which represents a strong 5.9% yield.

Manulife stock last had a very favourable P/E ratio of 8.1 and a P/B value of 0.7. It is still not too late for retirees to pounce on this discounted dividend beast.

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