Retire Rich: This Is 1 of the Best TSX Stocks to Buy Now

Description

Powering your retirement portfolio isn't easy in this investing environment. Interest rates are extremely low, while growth stocks look quite overpriced after the March rally.

One proven strategy to make a meaningful contribution to your retirement goals is to buy some of the best dividend paying **TSX** stocks. In this area, you can still find many TSX stocks selling cheap.

Investing in some of the best dividend stocks is worth pursuing when the rate of return on some of the safest investments is close to zilch. When rates are so low, it makes sense for Canadian retirees to buy dividend stocks with durable competitive advantages, strong recurring cash flows, and a clear bias to return capital to investors.

Which are the best TSX stocks to buy?

TSX stocks that fit nicely in this strategy include telecom operators, power and gas utilities and some of the nation's top banks. These stocks are defensive plays, because these companies continue to pay dividends even when markets face a prolonged downturn.

Many telecom companies pay regularly growing dividends, allowing their investors to earn a bond-like income, even if the share prices don't appreciate much.

With low interest rates making bonds themselves less attractive, telecom stocks have become more appealing.

Why Rogers Communications?

From the telecom space, one stock that is attractively priced these days is Rogers Communications (TSX:RCI.B)(NYSE:RCI). This TSX stock has underperformed the main index over the past 12 months, but the company is well positioned to recover quickly.

At the time of writing, Rogers stock is down 13% this year, hurt by the COVID-19-triggered sell-off. The main reason for this weakness is that the analysts are expecting weak growth in its wireless business

— a main contributor to its growth.

While Rogers is Canada's second-largest telecom company, it has the largest market share of the country's growing wireless segment.

In April, Rogers withdrew its financial guidance and reported a drop in its first-quarter earnings and revenue. Those results provide an early glimpse of how the global health crisis could affect Canada's largest telecom companies.

That said, traffic on their networks has risen sharply as people work, learn and entertain from home. Also, Rogers relies less on revenue from serving businesses, leaving it in a post-pandemic world.

"Like most businesses, COVID-19 will have an impact on our financial results in the short term," company CEO Joe Natale said during the company's annual shareholder meeting. "But the current environment does not affect the underlying strength of our company, nor the long-term, sustainable growth of our business," he added.

Bottom line

Rogers Communications is a solid telecom stock that's going through a little tough patch right now. But that weakness, in my opinion, is a buying opportunity for retirees. Rogers stock currently offers an annual dividend yield of 3.6%, with a good upside potential.

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