2 Top Stocks for Retirees Yielding up to 6%

Description

Are you retired and looking for some safe investments to put in your portfolio? There are many solid blue-chip stocks out there that you won't have to worry about and that can generate recurring cash flow for you for many years. Their businesses are stable, and their stocks aren't trading at obscene multiples, minimizing the risk that they'll crash if the markets turn south. Here are two stocks that can be great options for retirees that provide some terrific payouts.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of the top utility stocks in Canada, and rightfully so. With operations in Canada, the U.S., and the Caribbean, it serves more than 3.3 million customers around the world. This is a company that retirees won't have to worry about, even during adverse economic and market conditions. In Fortis's most recent quarterly results, released July 30 for the period ending June 30, it still recorded a profit margin of 14%. In each of its last 10 quarterly results, its profit margin has been well above 10%, and even a quarter impacted by COVID-19 didn't prevent Fortis from recording another strong performance.

That consistency is one of the reasons the company has been able to not only just pay a consistent dividend but increase it regularly. Last September, Fortis raised its payouts for the 46th year in a row. A Dividend Aristocrat, Fortis has a rock-solid reputation for dividend growth. Three years ago, in 2017, it was paying a quarterly dividend of $0.425. Its quarterly payments have increased by 12.4% since then, up to $0.4775. If Fortis continues on this pattern, then investors may see another hike to the dividend come next month.

Currently, shares of Fortis are yielding 3.6% and the stock is down about 2% this year.

CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is another stock that could be a great investment for retirees. While the Big Five bank stock is not as stable as a utility giant is, certainly not during a recession, betting on the bank is a calculated risk worth taking. CIBC shares are down more than 9% this year and that's pushed its dividend yield up. Its quarterly dividend payments of $1.46 are currently paying investors who buy the stock today an annual yield of around 6%.

Like Fortis, this is another top stock to invest in for its stability. It's also posted a profit in each of its last 10 quarterly results. And outside of the most recent period, its profit margin was normally well over 20%. Higher provisions for credit losses weighed on the bank's most recent results, but it was still able to stay in the black with its dividend remaining intact.

Even amid the COVID-19 pandemic, the bank is still doing well and is likely to go back to posting stronger results as the economy gets stronger. While things may continue to be tough in the near future, the overall trajectory of this bank stock remains unchanged: it's likely to continue growing and rising in value over the years. And its dividend continues to look safe with a payout ratio of around 63%.

Bottom line

Both of these investments are great options for retirees and can generate significant recurring income. A $25,000 investment in Fortis would earn you about $900 in annual income. Another $25,000 invested in CIBC stock would produce an additional $1,500 in cash flow, bringing your combined annual dividend income to $2,400 on these two investments totaling $50,000.

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1. Dividend Stocks
2. Investing

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