



3 Dividend Stocks Perfect for Your Retirement Portfolio

Description

Investors need to be extra cautious these days when considering dividend-paying stocks for their retirement portfolio. The COVID-19 pandemic has forced several companies to cut dividends to remain afloat and meet their short-term obligations. Besides, a few Canadian companies have temporarily halted dividend hikes and share repurchases to boost liquidity.

However, if you look closely, few dividend-paying **TSX** companies continue to generate strong flows, indicating that their payouts are highly stable and their dividends could continue to increase in the coming years.

Here are three stocks that you can consider for your retirement portfolio as they have a stellar track record of consistently increasing their dividends in the past and could continue to do so in the future.

TC Energy

With a forward yield of about 5% and a long history of hiking its dividends for several years, shares of **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) should be part of your retirement portfolio. The company's resilient business and robust cash flows support its payouts.

TC Energy has hiked its dividends for 20 years straight at a compound annual growth rate of 7%. Meanwhile, its dividends are likely to increase at a high-single-digit rate in the over the next several years.

Investors should note that TC Energy's 95% of adjusted EBITDA comes from the rate-regulated assets or long-term contractual arrangements. Meanwhile, its asset utilization rate remains high despite the pandemic. The short-term volatility related to the volumes throughput and commodity prices isn't likely to impact its business much.

TC Energy expects its dividends to [increase by 8-10%](#) in 2021. Further, it projects 5-7% growth in its dividends beyond 2021. Dividend investors should include TC Energy stock in their portfolio for consistent income in the long run.

Fortis

With a track of increasing its dividends for 46 years straight, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) stock should be on top of your list. Its diversified and rate-regulated utility assets generate predictable cash flows and support its dividend payouts.

About 99% of its earnings come from the regulated utility assets, implying that its business is pretty much immune to economic doldrums. Meanwhile, the growth prospects remain strong with consistent rate base growth.

Fortis expects its rate base to increase at a CAGR of 7.2% till 2022. Further, the company projects rate base to reach \$38.4 billion by 2024, implying a CAGR of 6.5%. Investors should note that the healthy rate base growth would help the company to increase its dividends in the future.

Fortis projects its dividends to increase by 6% annually through 2024, thanks to the steady rate base growth and cost savings. Shares of Fortis offer a decent dividend yield of 3.6%.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) has increased its dividends by 10% annually for 10 years in a row. Besides, the utility company [has also made investors rich](#) as its stock has appreciated by nearly 332% during the same period.

Algonquin's rate-regulated utility assets generate predictable income. Meanwhile, inflation-indexed long-term contracts back its renewables business. The expansion of its renewable energy and electric transmission business should continue to drive its stock higher in the coming years.

Meanwhile, utility assets should support future payouts. Algonquin Power & Utilities offers a 4.5% yield, which is very safe. Meanwhile, its dividends could keep growing with you.

Bottom line

Investors should note that these TSX stocks have a long history of increasing their dividends. Besides, their resilient business and strong cash flow generation imply that dividends of these companies could continue to increase in the future.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TRP (TC Energy Corporation)

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Author

snahata

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