3 Reliable Dividend Stocks for Retirees for September

Description

If you're a retired investor, reliability is the name of the game. When you're retired, you need income. Period. When you're young, you may have time to gamble on long shot stocks. But after you've retired, you need steady investments that produce for you.

Hence many retirees' love of dividend stocks. Dividend stocks pay income like bonds, but with way more potential to grow over time. There is more risk with dividend stocks than with bonds, but the growth potential is worth it. Also, dividends can provide a nice buffer against losses in down markets.

With that in mind, here are three reliable dividend stocks for retirees for September.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is one of the most reliable dividend stocks in Canadian history. It has raised its dividend every single year for 46 years–a period that has seen several recessions. This partially has to do with the industry Fortis is in. Fortis is a utility, and the utilities industry has high barriers to entry and stable revenue.

Even in recessions, people usually keep paying their heat and light–though they might cut down on consumption. This provides high levels of revenue stability for utilities in general. However, Fortis has fared a little better than the average utility over the years, probably because a high percentage of its assets (99%) are regulated.

Rogers Communications

Rogers Communications Inc (TSX:RCI.B)(NYSE:RCI) is another **TSX** stock that you can count on for solid, reliable performance. Its dividend provides a 3.5% yield at current prices–though it hasn't seen much growth since last year. Most telecoms are pretty good dividend plays, since their revenue comes from stable, long-term contracts.

However, I favour Rogers over most of its competitors because it has a big edge in 5g. Where other telcos got caught up in the Huawei controversy, Rogers managed to avoid it by partnering with Ericsson. As a result, it has been able to ramp up its 5g infrastructure quickly.

BMO Mid-Term IG Corporate Bond Index ETF

The BMO Mid-Term Investment Grade Corporate Bond Index ETF (TSX:ZIC) is a bond fund. Technically, this is not a stock–rather an ETF–but it trades similarly to stocks on the TSX.

If safety is what you're after, you'd be hardpressed to do better than ZIC. It's based on U.S. corporate bonds, which are about as safe as you can get while still beating inflation. You can get even safer returns with GICs, but their returns are next to nothing. For example, one 18 month GIC advertised by **TD Bank** pays just 0.75%—*not* annualized!

With ZIC, you get a 2.88% yield at current prices, which is comparable to a good TSX dividend stock. However, the payout is safer, because bonds have priority claims on earnings. In my opinion, corporate bond funds like this are as safe as you can get while earning an inflation-beating return.

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2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:ZIC (BMO Mid-Term US IG Corporate Bond Index ETF)

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Date
2025/08/23
Date Created
2020/08/26

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