Retirees: Give Yourself a Raise With These 2 Passive Income Giants

Description

In the last year, it's become increasingly difficult to convert capital into a sustainable income stream due to low interest rates. For people who retired in the last century, the current interest rate environment is an unpleasant surprise.

The interest rates of guaranteed investment certificates (GICs) fell from 10% in the 1980s to 6% in the 1990s and to less than 2% right now. This means for retirees with a million dollars in the bank, a GIC will yield less than $15,000 in annual payments.

Retirees can instead look to invest a part of their income in quality dividend-paying stocks on the **TSX**. Due to the recent weakness in stock prices, the dividend yields of several companies are trading at an attractive valuation with tasty dividend yields.

This move will help retirees triple their income versus traditional fixed-income investments. Investing in equities can also increase wealth via long-term capital appreciation. Let's take a look at two of Canada's top dividend stocks.

An energy giant in Enbridge

When it comes to dividend stocks, you need to consider Canada's energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB). The stock is trading 20% below 52-week lows with a dividend yield of 7.6%.

While companies in the energy sector continue to be out of favour due to depressed oil prices, pipeline companies such as Enbridge are a relatively safer bet. Enbridge is valued at a market cap of $86 billion and owns a diversified portfolio of assets including oil and natural gas transmission assets, a natural gas utility business, and renewable power assets.

Enbridge has increased its dividends for 24 consecutive years on the back of its fee-based or contractual business model. In the last 10 years, its dividend growth stands at an annual rate of 13%.

While there are concerns over Enbridge's high debt to EBITDA multiple (it's around 7), the company continues to generate a predictable stream of cash flows even amid the ongoing pandemic.

An investment management company

Shares of **Fiera Capital** (TSX:FSZ) are trading at $10.66, which is 19% below its 52-week high. The stock slumped to a multi-year low of $4.77 earlier this year before recovering to its current price.

Fiera is an asset management company and ended Q2 with assets under management of $171 billion, up from $158 billion in the March quarter. Its sales are up 11.3% year-over-year at $166.9 million, while adjusted EBITDA was up 13.3% at $51.9 million.

The company pays annual dividends of $0.84 per share, indicating a forward yield of 7.9%. Similar to Enbridge, Fiera is also a Dividend Aristocrat, which means it has increased dividends every year for the last five consecutive years. Fiera has in fact increased dividends from $0.24 per share in 2010, an annual growth rate of 13.4%.

The Foolish takeaway

If retirees allocate $50,000 in these dividend stocks, they can generate up to $7,750 in annual dividend payments. As seen above, the two companies have underperformed the index in 2020 and could gain significant momentum when the market stabilizes.

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1. Dividend Stocks
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2. TSX:ENB (Enbridge Inc.)
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