Need More Income? These 3 Dividend Stocks Can Help You!

Description

Need more income? Don't be discouraged by low interest rates. Consider dividend stocks to help fill in that income gap.

Conservative investors used to have a meaningful portion of their savings kept in riskless fixed-income investments like GICs. However, with the best five-year GIC rates offering interest income of only about 2%, investors may be better off invested in blue-chip dividend stocks for more income. And they can even get price appreciation in the process.

Royal Bank of Canada

First, let's take a look at **Royal Bank of Canada** (TSX:RY)(NYSE:RY), the banking leader in our country. You may be surprised that the bank actually has operations in 35 other countries.

Moreover, it has a diversified business mix. About half of its earnings come from personal and commercial banking businesses, 21% comes from capital markets, and 20% comes from wealth management.

Year to date, the blue-chip bank managed to increase revenue by 4% to $36 billion against the same period in the prior year. Its net income fell 15% to less than $8.2 billion, which was partly due to higher provisions for credit losses from an expected greater percentage of bad loans this year due to the novel coronavirus pandemic.

However, the quality bank has withstood against the health crisis and kept its dividend safe by paying out less than 58% of its earnings as dividends year to date. RBC stock offers a safe yield of 4.4%, which more than doubles the best five-year GIC rate.

At $98 per share, the stock is trading at similar levels in 2017. It trades at approximately a 12% discount from its normalized valuation. This gives investors, who have an investment horizon of at least five years, a good opportunity to increase their income and experience price gains.

Chartwell Retirement Residences

Second, let’s consider **Chartwell Retirement Residences** (TSX:CSH.UN), which still provides a discount to its normalized valuation, despite the recovery of the stock from the March market crash.

Chartwell owns and operates seniors housing communities, from independent supportive living through assisted living to long-term care. Therefore, its cash flow should be somewhat resilient in this economic downturn. Specifically, it has 196 residences and 29,300 suites under management.

At $10.87 per share, the healthcare facilities stock trades at a discount of roughly 23% from its normalized levels and provides a 5.6% yield.

Yesterday, it announced in its press release that as of Monday, one of its retirement residences and two of its long-term care residences have confirmed positive COVID-19 cases.

This can trigger a selloff in the stock to make it even more attractive for long-term investment from both an income and total-returns perspective.

TC Energy

A third dividend stock you should check out for more income now is **TC Energy** (TSX:TRP)(NYSE:TRP). The stock is depressed due to headwinds, including the decline in global energy prices and the COVID-19 pandemic.

However, the company’s performance has been resilient. Its trailing 12-month revenue declined less than 11% compared to a year ago. Its EBITDA, a cash flow proxy, fell 8%.

The Canadian Dividend Aristocrat of 19 consecutive years of dividend increases currently offers a yield of 5.4%. At $59.91 per share, it’s attractively valued with a 12-month average price target of nearly 21% higher.

With a multi-year investment horizon, investors today should make generous income while enjoying price appreciation from the recovery of energy demand.

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2. NYSE:TRP (Tc Energy)
3. TSX:CSH.UN (Chartwell Retirement Residences)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TRP (TC Energy Corporation)

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