Retirees: 3 Top Dividend Stocks for Worry-Free Passive Income

Description

The simplest way to create a passive-income stream is through investments in dividend-paying stocks. However, investment post-retirement requires a conservative approach. So, keeping in mind the low-risk appetite of retirees, here are three top dividend stocks listed on the **Toronto Stock Exchange** offering better yields than any debt instruments along with the downside protection of the investment portfolio.

All these companies have a low-risk business with visible dividend growth and are likely to generate stable passive income.

TC Energy

While the pandemic weighed heavily on the energy infrastructure companies' businesses, **TC Energy's** (TSX:TRP)(NYSE:TRP) high-quality pipeline and power generation assets remain relatively immune.

The company said that its asset utilization levels remain robust, despite the outbreak of the pandemic. About 95% of TC Energy's adjusted EBITDA comes from businesses that are either rate regulated or have long-term contracts, implying that the company remains insulated to the short-term volatility in commodity prices and volumes, and its payouts are safe.

TC Energy's dividends have been growing at a CAGR of 8-10% since 2015. Meanwhile, the company expects fiscal 2021 dividends to increase at a similar rate. Further, with the expected growth in earnings and cash flows and the advancement of its $37 billion secured growth projects, TC Energy expects its dividends to increase by 5-7% beyond fiscal 2021.

Currently, TC Energy pays a quarterly dividend of $0.81 per share, reflecting a stellar annual yield of 5.7%.

Fortis

Retirees looking for passive income through dividend stocks should consider investing in the utility giant

Fortis (TSX:FTS)(NYSE:FTS). Fortis has been consistently increasing its dividends for the past 46 years. Further, you can expect the trend to continue over the next several years.

The company's robust dividend payments are supported through its resilient rate-regulated utility assets. Investors should note that about 99% of Fortis's earnings come from the regulated assets, implying that is future payouts are very safe.

Fortis expects its rate base to reach $38.4 billion by 2024, which should accelerate its growth and help the company to boost shareholders' returns through increased dividends.

It pays a quarterly dividend of $0.51 per share, reflecting a 3.7% yield. With the high-single-digit growth in its rate base, Fortis projects its dividends to increase by about 6% annually by 2024.

Emera

Like Fortis, **Emera** (TSX:EMA) is another top utility company that should be on your radar to generate stable passive income. About 95% of Emera's earnings come from rate-regulated assets that support its dividend payouts and make it immune to volatility in the stock market.

Emera's high-quality utility assets, robust rate base growth projection, and a higher mix of residential customers suggest that Emera could continue to boost shareholders' returns through a consistent increase in dividends.

Emera projects its rate base to increase at a compound annual growth rate of about 8% through 2022, while its dividends are forecasted to increase by 4-5% annually by 2022. It pays a quarterly dividend of $0.64 per share, translating into an annual dividend yield of 4.6%.

Final thoughts

These Canadian companies have clear visibility on future dividends and operate a low-risk business, suggesting that retirees can consider buying these stocks right now to get reliable passive income safely.

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