Retirees: 2 Safe Stocks to Protect Your Nest Egg From a Market Crash

Description

The impact of COVID-19 on people in 2020 is harsh, if not overly challenging. You see job losses and income cuts everywhere. Canadian retirees in particular are anxious about depleting or even outliving their retirement fund. No one can be complacent anymore in a recession that could last for a year or more.

Retirees with investments in the stock market need to protect their nest eggs from a crash. It can happen anytime without notice, so it's better to act promptly by shifting to safe dividend stocks. Among the companies that can outlast the pandemic are **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP) and **Fortis** (TSX:FTS)(NYSE:FTS).

A buy-and-hold asset in the making

Brookfield Infrastructure Partners facilitates the movement and storage of energy, water, freight, passengers and data worldwide. This $19.1 billion company owns and operates diverse global infrastructure networks in North America, South America, Europe, and the Asia-Pacific. The assets are in the data infrastructure, energy, transport, and utility sectors.

In terms of year-to-date stock performance, Brookfield Infrastructure is outperforming the S&P/TSX Composite Index (+14.51% versus -3.44%). The utility sector is also ahead with its 9.93% gain thus far. For would-be investors, the dividend offer is 4.06%. Over the last decade, the stock's total return is 651.21%.

The competitive advantage of Brookfield Infrastructure is that its portfolio has diversified exposure to quality businesses. More so, the entry barriers are significant for new entrants. Its primary focus is to own assets operating under regulated frameworks but generating stable cash flows.

Since support for infrastructural development is growing globally, Brookfield Infrastructure has excellent growth opportunities in the near term. The company is becoming an attractive buy-and-hold investment for retirees. You can expect the premier utility stock to deliver lasting income.

A bond-like investment

Fortis, North America's leading utility company, is an unassailable defensive asset like bonds, but better because it pays higher dividends. This $25.31 regulated electric utility company has raised its dividend for 46 consecutive years, notwithstanding economic downturns.

Currently, the dividend yield is 3.71%. Despite the market uncertainty, management is planning to raise dividends by at least 6% annually through 2024. The stock is up 3.32% year-to-date and has remained stable for most of the crisis with no wild price swings.

Fortis is hardly flinching from economic fluctuations because the utility business is generally stable. Since almost 99% of its utility assets are regulated, and more than 90% of earnings come from regulated sources, cash flow is secure.

Healthy diversification is also the reason why this utility stock is a low-risk investment. Organic growth is on the horizon as Fortis continues to increase investments in renewable energy and transmission infrastructure. Grid modernization is also ongoing.

Something good from COVID-19

Shifting to safe dividend stocks to protect the nest egg is the right move for retirees. For soon-to-be retirees, the 2020 health and economic crisis highlight the importance of building not only an emergency fund but a nest egg. It would be best if you were resilient when unforeseen events like the pandemic strike.

COVID-19 brought some good because priorities will change. People will begin to practice frugal spending and save more money than usual. More important is that they will look for reliable fallback mechanisms to avoid financial dislocation.

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Date
2025/08/22
Date Created
2020/11/12
Author
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