Retirees: Build a 2nd Pension With These 2 Dividend Aristocrats

Description

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Canada has introduced several plans to help its retiring citizens enjoy a better quality of life by supplementing their retirement income through the golden years of their lives. One such measure is the Canadian Pension Plan (CPP). It was created to facilitate a basic income for retired Canadian citizens.

However, the various pension plans like CPP were not designed to become your only income source during retirement. These plans are meant to supplement your retirement income. When you turn 18, you are legally obliged to begin contributing to your CPP so that it can provide you with partial retirement income.

Fortunately, there are no limitations for retirees in creating a second pension plan that can further boost their income. The best way you can create a reliable second pension is to invest in reliable dividend stocks to provide you with consistent payouts.

Investing in Canadian Dividend Aristocrats can help you leverage the constantly increasing dividends that can gradually increase your passive income. Today I will discuss two Canadian Dividend Aristocrats that you can consider investing in for this purpose.

Utility aristocrat

The first Canadian Dividend Aristocrat I will discuss is **Fortis Inc.** (TSX:FTS)(NYSE:FTS). The company is a non-cyclical stock that operates in Canada's utility sector. Fortis is responsible for providing power generation, electric transmission, and natural gas distribution services to its customers.

The utility company has geographically diversified operations spread across Canada, the U.S. and the Caribbean. It allows the company to generate predictable and stable income that it can use to finance its investments to improve infrastructure. Additionally, Fortis can easily use its reliable cash flows to finance its increasing dividend payouts to investors.

The stock is an ideal long-term investment due to its continual dividend increases. It has a dividend growth streak of 47 years, and it does not seem likely to cut its dividends any time soon.

Telecom aristocrat

Like utility companies, telecom operators are also providing an essential service to their customers. **Telus Inc.** (TSX:T)(NYSE:TU) is one of Canada's telecom sectors' most prominent players. It offers a wide range of telecom products to its customers to provide the company with reliable and growing cash flows.

Telecom is one of the oldest Canadian Dividend Aristocrats with a 16-year dividend growth streak. Telus has taken a beating like most other stocks on the **TSX** amid the pandemic. However, its revenues have improved due to more people staying at home and requiring its services.

Telus is also expanding into other sectors with acquisitions like Lionbridge AI in November. Lionbridge is a crowd-based training data and annotation platform provider that can help develop AI algorithms for machine learning. The investment can help Telus benefit from a booming market segment and increase its revenue generation sources.

Foolish takeaway

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Fortis is trading for $54.60 per share at writing with a juicy 3.70% dividend yield. Telus' valuation is $25.07 per share with an even juicer 4.97% dividend yield.

Both these stocks are likely to continue increasing dividends that can bolster your retirement nest egg. You can continue reinvesting the dividends while you are earning active income to increase your nest egg's value by the time you retire.

Fortis and Telus could make valuable additions to your portfolio so you can retire a very wealthy investor. Holding the investments in a Tax-Free Savings Account (TFSA) can allow you to enjoy your nest egg tax-free.

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