3 Safe Dividend Stock Picks for 2021

Description

The pandemic's end game is looming, although it might still take months to contain COVID-19 fully. For would-be investors, stay on guard because the stock market still stands on shaky ground. If you desire capital protection and stable income streams in 2021, I have three safe dividend stock recommendations.

Top investment pick

Canada's largest telecommunications company is tops on my list of safe dividend stocks in 2021. The dividend yield is an enticing 6.12%, although the blue-chip asset lost 4% last year. Nonetheless, **BCE** (TSX:BCE)(NYSE:BCE) remains a reliable income stock.

Since going public in 1983, this $49.22 billion company did not miss a dividend payment or slashed the yield. It has an 11-year dividend growth streak, about 5% annual average. Telecommunications services and the Internet are necessities and no longer for the privileged few. Thus, expect the cash flows to be stable and growing for years.

The 2.6% drop in total operating revenues was mainly due to the pandemic's impact on BCE's wireless roaming volumes and lower advertising demand. Bell Wireless, Bell Wireline, and Bell Media's revenues should pick up in the recovery period. I don't doubt the company's ability to sustain dividend payouts in 2021 and beyond.

New Dividend Aristocrat

The insurance industry felt COVID-19's wrath in 2020 but it was surprising to see **Sun Life Financial** (TSX:SLF)(NYSE:SLF) overcome the carnage. Unlike in the 2008 financial crisis, this $33.11 billion insurer and financial services provider was more prepared to navigate the 2020 health crisis.

I expected Sun Life shares to decline significantly in the stock market last year, but it lost by only 1%. In terms of dividend offer, you will delight in its respectable 3.89% yield. The insurance stock also boasted of a five-year dividend streak (single-digit growth) and earned a dividend aristocrat status.

Sun Life is well capitalized and is in great financial shape to weather future economic downturns. The dividend payments should be safe, given the 54.46% payout ratio. Add this renowned global insurer, dividend aristocrat, and consistent dividend payer to your stock portfolio. You'll strengthen your financial health in 2021 and ensure a recurring income stream.

Consumer-defensive asset

The retail space was hardest hit too by COVID-19. However, **Metro Inc.** (TSX:MRU) proved resilient as expected. This consumer-defensive held steady for most of the crisis. Income investors are happy with the 8% total return in 2020 and the 1.58% dividend yield. Likewise, the payout ratio is only 20.7%.

Management was forward-looking throughout the pandemic. In Quebec, the company bolstered its online orders and delivery options to keep customers safe from coronavirus. The full-year earnings results are a testament to Metro's recession-resistant business model. Growth momentum should continue in 2021.

Total sales in fiscal 2020 grew by 7% to $17.9 billion versus the previous year. Meanwhile, the company posted a remarkable 13.3% increase in adjusted net earnings. The global pandemic didn't prevent Metro from delivering impressive financial results. Market analysts are bullish on Metro and forecast the stock price to jump 23% to $70 in the next 12 months.

Hedge against a recession

BCE, Sun Life, and Metro are valuable additions to portfolios of income investors in 2021. If you own any of the three stocks, hold them or purchase more shares. You would need consistent dividend payers in a recession.

CATEGORY

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2. TSX:BCE (BCE Inc.)
3. TSX:MRU (Metro Inc.)
4. TSX:SLF (Sun Life Financial Inc.)

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