



## The Best Canadian Dividend Stocks for Retirees in 2021

### Description

Canadian seniors rely on top dividend stocks to generate reliable income. The best Canadian dividend stocks to own in 2021 offer attractive yields with strong dividend-growth outlooks and decent potential for upside in share price.

### Why Fortis remains a top Canadian dividend stock in 2021

In the [Q3 2020 earnings](#) report, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) said its great track record of dividend growth will continue. The board intends to raise the distribution by an average annual rate of 6% through 2025. This extends the streak of 47 consecutive years of dividend increases.

Revenue and cash flow growth to support the hikes will come from the anticipated boost to the rate base from roughly \$30 billion in 2020 to \$40 billion in 2025. The company has a \$19.6 billion capital program in place, and that could expand, as new opportunities arise across the \$56 billion asset portfolio.

Fortis stock trades near \$52 per share and provides a 3.9% dividend yield. The return isn't the highest in the market, but the quality of the dividend-growth guidance makes up for the lower yield. The 12-month high on the stock is \$59, so investors also have a shot at decent upside as the economic recovery picks up steam.

Fortis attracts investors funds when interest rates are low or falling. The Bank of Canada and the U.S. Federal Reserve don't plan to hike rates before 2023. In the event inflation spikes and the central banks move ahead of expectations, the stock could come under pressure.

That said, the solid guidance on dividend growth should eventually offset any rate headwinds.

Fortis tends to hold up well during times of market turbulence, so the stock serves as a solid holding to hedge against the next correction or [market crash](#).

## Why TC Energy is great Canadian dividend stock to buy now

Speculation about the fate of the Keystone XL pipeline has ended. Joe Biden officially killed the project on his first day as president of the United States. **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) saw its stock price move higher on the news, which wasn't a surprise.

Why?

The market expected the decision and investors are probably relieved. The stock price already attributed little value to Keystone. Management can now focus their energy on the rest of the \$37 billion secured capital program. TC Energy delivered strong results in 2020, despite the challenging times in the energy patch. The gas transmission, gas storage, and power-generation assets performed well. That trend should continue through 2021 and beyond.

The board plans to raise the dividend by 8-10% in 2021 and by 5-7% per year starting in 2022. That's pretty good news for income investors. TC Energy trades near \$57 per share at the time of writing and offers a 5.7% dividend yield. It wouldn't be a surprise to see the stock take a run at the 2020 high of \$76 before the end of the year.

Warren Buffett's company spent US\$10 billion on a natural gas transmission acquisition last year, so the world's most famous investor likes the sector. It might be a good idea to follow Mr. Buffett's lead.

## The bottom line

Fortis and TC Energy are two of Canada's best dividend stocks, and both appear reasonably priced today for retirees and other income investors. You pick up good yield with great dividend-growth guidance and a shot at decent capital gains to boot.

### CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:FTS (Fortis Inc.)
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**Date**

2025/07/28

**Date Created**

2021/01/22

**Author**

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