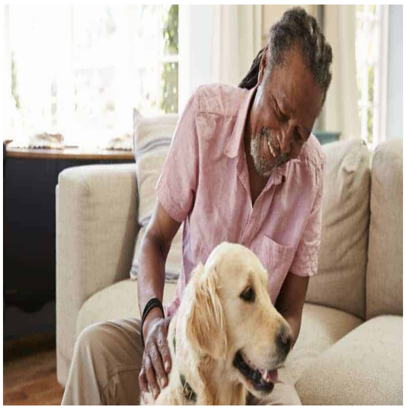

3 Canadian Dividend Stocks That Are Perfect for Retirees

Description

Retirees have a less risk-taking ability, given their reduced earning capacity, rising healthcare spending, and longevity risks. So, they should look to invest in stocks that are fundamentally strong and pay solid dividends. Meanwhile, here are three such dividend stocks that are worth considering.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a utility company that serves around 3.3 million customers across Canada, the United States, and the Caribbean. With a significant amount of its assets involved in the low-risk transmission and distribution of electricity and natural gas, the company delivers stable earnings and cash flows.

These regulated assets have helped the company deliver an average total shareholders' return of over 13% in the last 20 years. The company has also raised its dividends for 47 consecutive years. Currently, the company pays quarterly dividends of $0.505 per share, representing a forward dividend yield of 3.7%.

Meanwhile, Fortis's management has planned to invest around $19.6 billion over the next five years, increasing its rate base at a CAGR of 6%. The increase in rate base could drive the company's earnings and cash flows. So, amid the expectations of rising cash flows, the company's management has planned to increase its dividends at a CAGR of 6% over the next five years. Given its steady cash flows, high-growth prospects, and healthy dividend yield, I believe Fortis could be an excellent buy for risk-averse investors.

Telus

With the world becoming more digitally connected now, the demand for telecommunication services could only rise. So, I have picked **Telus** (TSX:T)(NYSE:TU) as my second pick. Despite the pandemic, the company has continued its growth by adding 253,000 new customers in its fourth quarter, while the top line increased by 5.2% on a year-over-year basis.

Further, Telus's management is hopeful that its revenue could increase by 10% this year, while its adjusted EBITDA could grow by 8%. The company could also generate free cash flow of $1.5 billion. It recently raised around $1.3 billion through new equity offerings. The company has planned to utilize the proceeds to expand its fibre-optic broadband network and roll out a 5G network across Canada. Its telehealthcare service also offers high-growth prospects. So, given its multiple-growth drivers and strong liquidity position, I believe its dividends are safe.

Currently, Telus pays quarterly dividends of $0.3019 per share. Its forward dividend yield now stands at an impressive 4.8%. Meanwhile, amid the expectations of higher cash flows, the company's management expects to raise its dividends by 7-10% over the next two years.

Canadian Utilities

Canadian Utilities (TSX:CU) is a diversified energy infrastructure company involved in the transmission and distribution of gas and electricity and power production and storage business. The company sells a significant chunk of its power through long-term contracts, which provides stability to its earnings and cash flows. Supported by these stable cash flows, the company has raised its dividends for 49 consecutive years.

The company currently pays quarterly dividends of $0.4398 per share, with its dividend yield standing at 5.2%. Meanwhile, the company's management has planned to invest around $3.2 billion over the next three years in regulated utility and secured growth projects. Along with these investments, Pioneer Natural Gas Pipeline's acquisition could boost its earnings and cash flows. So, I believe Canadian Utilities is an excellent buy for retirees.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

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2. NYSE:TU (TELUS)
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