2 Canadian Stocks That Can Help You Retire Early

Description

The fallout from the global pandemic is primarily the reason Canadians are rethinking their retirement dates. COVID-19 has pushed back the plans of people, especially those who wish to retire early. According to the results of a survey by research firm Age Wave, about 54% of Canadians were confident about taking the retirement exit pre-corona.

Despite the uncertainties brought by the pandemic, it's not entirely impossible to proceed with your retirement plans. If you've been saving diligently, now is an excellent time to create a pension-like income. Two established income stocks can help you retire sooner than later.

You can boost your retirement fund and build a substantial nest egg by owning shares of the **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), or Scotiabank, and **Keyera** (TSX:KEY). The former is a high-yield stock in the banking sector, while the latter is a dividend king in the energy sector.

Ever-reliable income stock

The compelling reason to invest in Scotiabank is its dividend track record. Like its peers in the Big Five group, Canada's third-largest bank has paid dividends for more than 100 years. Dividend investors will always go for longevity and consistency when looking for reliable income stocks.

At $77.10 per share, Scotiabank offers a 4.67% dividend. The dividends should be safe, given the 67.67% payout ratio. Assuming your investible fund is $150,000 and the yield is constant, you'll have a nest egg of $373,710.88 in 20 years. You don't need to touch the capital by then, as the quarterly income would be $4,363.07.

Scotiabank has, for decades, achieved steady dividend growth while maintaining a conservative payout ratio. Over the last 20 years, the total return is 732.81% (11.17% compound annual growth rate). The strong presence in international markets and extensive domestic branch network help the bank maintain its formidable financial standing.

The bank has endured the deepest recessions in recent memory, including the 2008 financial crisis and now the health crisis. Would-be retirees would have the perfect supplement to their retirement pensions.

Growth and income

The energy sector has been volatile in 2020, although it outperforms the **TSX** (+25.6% versus +9.53%) year-to-date. Keyera is performing well, too, as evidenced by its 17.06% gain thus far in 2021. If you were to invest in the energy stock today, the share price is $25.92, while the dividend yield is a juicy 7.34%.

A $150,000 investment in 2021 will swell to $434,025.38 in 15 years. Since Keyera pays monthly dividends, your monthly cash inflow is $2,654.79. The $5.71 billion energy infrastructure company offers a full range of essential midstream services. Most of its projects, such as the Wapiti and Pipestone gas plants, are growth drivers.

Keyera can maintain its impressive track record of delivering growth and income. The reason is that the source of cash flows (70%) are long-term, fee-for-service contracts with investment-grade customers. Regarding dividend growth, it has been steady since the company went public in 2003.

Retiring early is conceivable

Canadians with depleted savings and inadequate retirement savings are likely to postpone retirement. Some would even delay taking their pensions until 70 to receive higher benefits. However, if you have investment income for decades, if not for life, the desire to retire early is conceivable. Make Scotiabank and Keyera your anchors heading into the sunset years.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

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1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:KEY (Keyera Corp.)

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cliew