



This 1 Stock Could Rake in \$15,000 Retirement Income Per Year

Description

COVID-19 altered, if not completely changed, retirement expectations of Canadians. If that were not the case, why then did the household savings rate increase during the pandemic? **BMO** Economics estimates excess savings to be around \$150 billion. Instead of spending their pandemic money, people are hoarding it and saving for the future.

Would-be retirees know that the Canada Pension Plan (CPP) and Old Age Security (OAS) are only [partial replacements](#) to the average pre-retirement income. They must figure out how to augment the pensions, generate more income, and not outlive their savings.

Dividend investing is the way to accomplish such an objective. If you were to stick to single stock investment, the logical choice is none other than **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). With its 5.86% dividend yield, you can gradually accumulate shares over time and rake in \$15,000 retirement income per year.

Market dominance

BCE is TSX's number one telecom stock. The telecommunications sector is stable, very much like the railway industry. This \$54 billion company, along with **Telus** and **Rogers Communications**, forms the oligopoly. New entrants must have massive financial resources to build and match the infrastructure of the Big Three, especially BCE.

I fondly describe BCE as the **Coca-Cola** of the telecom industry, because it dominates the market like the soft drink king. BCE owns the largest network of data centres and retail outlets in Canada. Bell LTE is also the country's national network.

BCE's three business segments (Bell Wireless, Bell Wireline, and Bell Media) practically fill the communication needs of the entire population of Canada. The core businesses combined to generate nearly \$24 billion average revenue over the last three years. During the same period, the average net income was \$2.9 billion.

Dividend history

Canada's Big Five banks are favourite dividend stocks, because each one has been paying dividends for more than 100 years. BCE's [dividend sequence](#) is just as impressive. The company began operations in 1880, and the sharing of earnings started one year after. BCE hasn't missed paying dividends since — 140 years and counting.

The top-tier telco stock's total return over the last 45 years is 66,212.96% (15.38% CAGR). BCE is an ideal holding for present and future retirees. If you were to invest today, the share price is \$59.71. As mentioned earlier, you can start small and accumulate shares if finances allow. You can also keep reinvesting the quarterly dividends.

Power of compounding

You should own at least \$256,000 worth of BCE shares at the current dividend yield to generate \$15,000 in annual income. To illustrate the power of compounding, a \$50,000 investment today would be worth \$156,173.60 in 20 years. You have to understand that building wealth or retirement funds is a long-drawn activity.

Make it a habit to set aside a fixed amount every month for investment purposes. A matured but ever-growing company that provides vital communications products and services will not disappoint. Dividend payments are regular, and you won't worry much about the market's ups and downs. BCE, the number one telco stock, can deliver the much-needed income you seek in retirement to boost your CPP and OAS pensions.

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2. TSX:BCE (BCE Inc.)

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