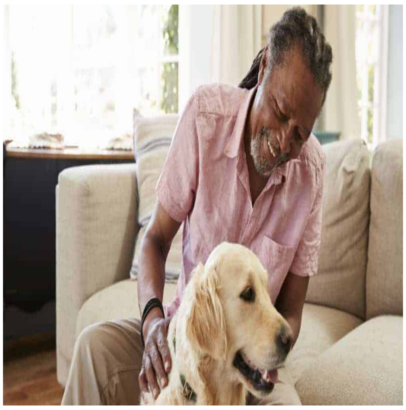

2 Great Canadian Dividend Stocks for Retirees

Description

Canadian pensioners and other income investors are searching for top dividend stocks they can buy now to get reliable and attractive returns on their savings.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a Canadian utility company with a long history of providing investors with reliable dividend growth and impressive capital gains. The board raised the payout in each of the past 47 years and intends to boost the distribution by an average annual rate of 6% through at least 2025.

That's great guidance for dividend investors who need to get steady and growing income from their savings.

The current five-year capital program of nearly $20 billion should boost the rate base by more than 30% from $30 billion in 2020 to $40 billion in 2025. Fortis also has a track record of driving growth by making strategic acquisitions. With the Canadian dollar at a multi-year high against the greenback and borrowing costs near record lows, Fortis might look to boost its U.S. asset base. The last two large acquisitions south of the border, ITC and UNS Energy, have performed well.

Fortis currently has $56 billion in assets across 10 utility operations located in Canada, the Caribbean, and the United States. Nearly 99% of revenue comes from regulated assets. This means cash flow should be predictable, allowing investors to simply sit back and relax regardless of the state of the broader stock market. In short, Fortis is a good defensive stock to hold in a diversified portfolio.

The current dividend provides a respectable 3.6% yield. Investors can get higher returns from other stocks, but the dividend-growth outlook and the stability of the revenue stream offsets the difference.

Long-term investors have enjoyed great returns. A $10,000 investment in Fortis 25 years ago would be worth about $200,000 today with the dividends reinvested.

TD

TD (TSX:TD)(NYSE:TD) isn't as cheap as it was last fall, but the stock still deserves to be an anchor holding in a dividend-focused portfolio. The bank is Canada's second largest by market capitalization and a major player in the United States. All of the Canadian banks are sitting on excess cash right now, and TD is viewed by many analysts as the one that is most likely to use the cash hoard to make a U.S. acquisition.

Once the government gives the banks the green light to boost dividends again, TD shareholders should see a stream of generous hikes in the next few years.

TD's long-term compound average dividend-growth rate is about 11% per year. The company also uses extra cash to buy back shares. Strong housing markets and rebounding economies in Canada and the U.S. should continue to support higher revenue and profit growth. TD's wealth management operations might expand through another acquisition and net interest margins should improve once interest rates start to rise.

The current dividend provides a 3.6% yield. A $10,000 investment in TD stock 25 years ago would be worth about $325,000 today with the dividends reinvested.

The bottom line for income investors

Fortis and TD are top dividend stocks that retirees can simply buy now and sit on for years. The companies should deliver solid payout increases, and they offer much better returns than a GIC. Stock prices can fluctuate, but dips should be viewed as opportunities to add to the positions in these names.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/09/09
Date Created
2021/06/10
Author
aswalker