



## These 2 Dividend Stocks Are a Retiree's Best Friend

### Description

Dividend stocks are an important part of every portfolio. Naturally, though, as every investor ages, you slowly reduce your allocation to higher-risk investments and shift to more stable businesses.

This is where dividend stocks can become crucial. By the time you get to retirement, investors will have the lowest risk tolerance. Regardless of your risk tolerance vs. peers, generally, when comparing to yourself over the course of your investing career, by the time you get to retirement, preservation of capital is most important.

So many retirees typically own more fixed-income products. The equities you do own should be safer stocks. This is why large dividend stocks are some of the best.

Dividend stocks are attractive for a few reasons. First off, especially when buying massive large-cap companies, the business operations are almost always extremely safe. Furthermore, not only does more of the return usually come from income rather than price appreciation, but this also reduces volatility and makes it easier to stay the course during times of turbulence.

This is why owning the best and safest companies for the [long term](#) is the ideal way to protect and grow your capital.

These two dividend stocks are extremely high-quality businesses, so much so that if you're a retiree, they are definitely some of the top stocks to consider for your portfolio.

## The top Canadian telecom stock for income and stability

One of the top Canadian stocks to own if you're a retiree is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). The telecom industry is the place to look for large-cap stocks at the heart of the economy, with years of growth potential.

Think of where telecommunications was 50 years ago, and still today, with [5G technology](#) and continual innovation, it continues to expand. So these companies are businesses with long-life assets

in an industry that's crucial to our economy.

BCE is the best telecom stock for [dividend investors](#) because its massive size and integrated operations give it a tonne of stability and make it a cash cow. Over the last few years, on a little over \$20 billion in revenue, the company has managed to earn roughly \$3 billion or more of free cash flow each year.

No wonder the company is so massive at a worth of more than \$50 billion. It's also why it's a great investment for retirees. Moreover, the dividend stock has a beta of just 0.33, meaning it's considerably less volatile than the broader market.

Today the BCE yields an attractive 5.75%. But don't forget, BCE is a Dividend Aristocrat, so its dividend payment increases each year.

Back in 2016, BCE paid out \$2.73 annually per share. Today that's up to \$3.50, and you can expect another dividend increase again this year. Plus, in addition to all this cash that it returns to shareholders, BCE is still investing in growth.

In fact, BCE was one of the only companies that elected not to save cash in the pandemic and continue with its long-term growth plan. This is a benefit of being such a cash cow and should put it in a great position to capitalize on the industry's growth potential going forward.

## A top Canadian dividend stock to buy now

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is another top dividend stock to consider today. Energy is an industry you have to be more careful of when investing in.

But of all the stocks in the energy sector, Enbridge is one of the safest and best for income investors as it's a massive \$100 billion company.

Although it has diversified operations owning pipelines, utilities, and renewable energy assets, because it's in the energy industry, it's considerably more volatile.

While its beta of 0.93 is below 1.0, meaning it's less volatile than the market. It's considerably more volatile than BCE.

Nevertheless, if you take a long-term approach and don't panic in a [pullback](#), an investment in Enbridge can be quite rewarding. For the better part of a year, it offered investors a more than 8% yield.

With its recovery lately, it now yields 6.75%, still an attractive amount. Plus, it's grown that payout for 26 consecutive years. In 2016 it was paying out \$2.12 a share. Today, that's \$3.34, more than 50% growth in the last five years. So if you're looking for a top dividend stock to buy today, both Enbridge and BCE are two of the best.

### CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

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