2 Top Dividend Stocks for Retirees

Description

Canadian pensioners can't get enough interest on GICs to keep up with inflation. As a result, many retirees are turning to top dividend stocks for their retirement portfolios.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) raised its dividend in each of the past 47 years and intends to boost the payout by at least 6% per year through 2025. That's a great track record and strong guidance for income investors who need to get reliable and growing distributions from their investments.

Fortis has a $19.6 billion capital program on the go that will drive the revenue and cash flow growth needed to support the dividend increases. In the past, Fortis has also made large acquisitions, and that trend could continue in the next few years as the North American utility sector consolidates.

The stock trades at a reasonable price and provides a 3.5% dividend yield at the time of writing.

A $10,000 investment in Fortis 25 years ago would be worth $200,000 today with the dividends reinvested, so the stock is also an attractive pick for younger investors.

BCE

BCE (TSX:BCE)(NYSE:BCE) has been a top pick for retirees for decades and that should continue to be the case, even if the business looks a lot different than it did 30 years ago.

The company is Canada's largest communications firm providing mobile, internet, and TV services across its wireless and wireline networks. BCE also owns a large media division it built up through a series of acquisitions and investments over the past decade. These include a TV network, specialty channels, radio stations, and sports franchises. BCE also owns retail locations and advertising businesses.

When you put all the bits together, BCE is a dominant force that has the potential to connect with most Canadians on a regular basis. In fact, every time a person in Canada makes a call, sends a text, checks e-mail, streams a movie, listens to the weather report, or watches the news, the odds are pretty good that BCE is involved somewhere along the line.

That's a powerful business.

The stock still trades below its pre-pandemic level. Investors who buy the shares today can pick up a solid 5.75% dividend yield and should see the payout increase at a steady pace in the coming years.

The recent CRTC decision to abandon planned cuts to wholesale internet rates is good news for BCE and its investors. The company expanded its capital program after the announcement knowing it can invest in new infrastructure and get paid a reasonable return when selling broadband space to smaller competitors.

BCE continues to roll out its fibre optic lines and is ramping up the expansion of its 5G network.

Once people start traveling again BCE should see lucrative roaming fees rebound. In addition, Canadian sports fans will likely fill stadiums and arenas again next year. This will drive a revenue recovery for BCE's sports franchises.

The bottom line on top dividend stocks

Fortis and BCE are top Canadian dividend stocks that pay attractive and growing dividends. If you are searching for stocks to add to a retirement income portfolio these companies deserve to be on your radar today.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
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Date
2025/09/11
Date Created
2021/06/25
Author
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