Retire Rich: 2 Top Dividend Stocks to Buy Right Now

Description

Retirement seems quite far away to millennials and Gen Z individuals that have just joined the workforce. And the "distance" from retirement is both a good and a bad thing from an investment perspective. Since a significant portion of the Canadian workforce is still two or three decades away from their retirement, they can choose to make bolder investment choices.

That's because as you start moving closer to your retirement, your focus shifts from *growing* your investments and savings to *preserving* them, and you might not take any unnecessary risks well into your 50s.

But even if you *have* started investing early (ideally, in your 30s) for your retirement, that doesn't mean *all* you have to do is experiment with your capital. You can invest in relatively boring and reliable dividend stocks early on and let them build into powerful nest eggs for your retirement. Given enough time, even conservative dividend stocks can contribute towards making you rich in retirement.

A power-generation company

If you are planning on holding on to a stock till retirement, and if your retirement is decades away, you have to look into the long-term potential of your holdings. Don't invest in businesses or sectors that are slipping into a slow decline. Instead, try to stick with evergreen businesses, like power. **Capital Power** (TSX:CPX), the Edmonton-based independent power-generation company, is a solid contender in this regard.

The company has an impressive power-generation capacity of 6,500 MW. Its portfolio comprises 28 power-generation facilities, including natural gas, solar farms, wind farms, and even waste heat. The company still has some coal-based power-generation plants as well, but it will likely phase them out as the world moves towards greener power-generation methods.

CPX is a relatively young aristocrat and has been growing its payouts for seven consecutive years. It has been a decent growth stock since the end of 2015, and its growth has picked up the pace since the 2020 crash. The stock has grown about 54% in the last 12 months. Despite its powerful growth, the company is offering a generous 4.8% yield.

A growth-oriented bank

Canadian banks are all about stability and dividends, but if you want a comprehensive combination of payouts and capital appreciation, you might consider investing in a bank that's not part of the elite five. **National Bank of Canada** (TSX:NA), with its concentrated regional presence, has been one of the best growth stocks in the banking sector for quite some time, but its growth since the crash has been beyond impressive.

In the last 16-and-a-half months, the stock has grown well over 118%, yet it's still attractively priced. The yield has shrunk down to 3%. But if you wait for a correction or the momentum receding from the banking sector, you might be able to buy this powerful Dividend Aristocrat at a better price and offering a more generous yield.

Foolish takeaway

One of the most potent ways to invest in dividend stocks for your retirement is to opt for the DRIP. The reinvested dividends can grow your stake at a robust pace over the years. If you had invested $10,000 in National Bank of Canada 20 years ago and opted for reinvesting dividends, your nest egg now would be $137,000 instead of $83,000 (without dividends reinvested). But even more than capital appreciation, the impact of reinvestment would be felt in your payouts.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:NA (National Bank of Canada)

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