3 Top Canadian Dividend Stocks for Retirement Income

Description

Canadian pensioners are searching for ways to boost returns on their savings. GIC rates don't even cover inflation these days so retirees are increasingly turning to dividend stocks to boost retirement income.

Emera

Emera (TSX:EMA) is a Canadian utility with assets located in Canada, the United States, and the Caribbean. The businesses include electric and natural gas utilities that primarily operate in regulated environments. That means revenue and cash flow tend to be predictable and reliable.

Emera reported Q2 2021 adjusted net income of $137 million or $0.54 per share compared to $118 million or $0.48 per share in the same period last year.

Emera is working on $7.4 billion in capital projects through 2023 with an additional $1.2 billion under consideration over that timeframe. The result should be rate base growth of 7.5-8.5% over the next two years. The board plans to raise the dividend by at least 4% through the end of 2022.

Low borrowing costs help Emera fund the capital program. The low-rate environment also makes utility stocks more attractive for investors.

Emera's share price is up about 10% this year, but the stock still looks attractive. Investors who buy now can pick up a solid 4.3% dividend yield.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a leader in the Canadian communications sector with wireless and wireline network infrastructure that provides customers with mobile, internet, and TV services.

The firm also has a media division that holds a TV network, specialty channels, radio stations, and positions in sports teams. Second-quarter results indicate the media group is seeing a rebound in advertising spending and that should continue as pandemic restrictions ease.

BCE is investing billions of dollars to expands its fibre network and rollout 5G services. These initiatives help protect the company's competitive position while opening up opportunities for new revenue streams.

The stock recently moved higher on solid Q2 2021 results and more upside should be on the way. BCE generates adequate free cash flow to support the generous dividend. At the time of writing, investors can get a 5.5% dividend yield.

Manulife

Manulife (TSX:MFC)(NYSE:MFC) has insurance, wealth management, and asset management operations in Canada, the United States, and Asia. The American business operates under the John Hancock brand.

The stock is a great way for investors to get good exposure to growth opportunities in Asia through a top Canadian financial company. Manulife reported strong Q2 2021 results. Core earnings came in at $1.7 billion, representing an increase of 18% over the same period last year.

The company is making good progress in its efforts to shift business to its digital platforms. This is driving down expenses while improving customer experiences. Manulife's expense efficiency ratio in Q2 2021 was 46.8%, which is a 2% improvement over Q2 2020 and comfortably below management's 50% target.

The stock trades near $25.50 at the time of writing. That's down from the 2021 high of around $27, so investors have a chance to buy Manulife's shares on a dip. The current dividend provides a 4.4% yield.

The bottom line

Retirees should feel comfortable owning Emera, BCE, and Manulife at their current prices. The stocks pay attractive dividends and should deliver decent growth in the coming years.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BCE (BCE Inc.)
4. TSX:EMA (Emera Incorporated)
5. TSX:MFC (Manulife Financial Corporation)

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