Retirees: The 2 Best Dividend Stocks to Own This Decade

Description

The COVID-19 pandemic has shaken up retirement plans for many Canadians. Savings rates increased broadly over the course of the crisis, but this did not translate to improved retirement investment. On the contrary, retirement savings appeared to have slipped during the pandemic. A recent report from the Healthcare of Ontario Pension Plan and Abacus showed that 63% of the 2,500 respondents were not able to set anything aside for retirement in 2020. Despite that, many new Canadians crossed the threshold into post-work life. Today, I want to look at two dividend stocks that retirees can count on for the long term. Let's dive in.

One high-yield dividend stock to stash for the long haul

Enbridge (TSX:ENB)(NYSE:ENB) is a company that should require no introduction. It is the largest energy infrastructure company in North America and one of the blue-chip giants on the **S&P/TSX Composite Index**. Shares of this dividend stock have climbed 20% in the year-to-date period as of early afternoon trading on August 16. The stock is up 13% in the year-over-year period.

In late 2020, I'd discussed why investors could trust Enbridge for the long haul. The company unveiled its second-quarter 2021 results on July 30. Adjusted earnings rose to $1.4 billion, or $0.67 per share — up from $1.1 billion, or $0.56 per share, in the second quarter of 2020. It was powered by strong performance across its major segments. Better yet, it reiterated its strong financial guidance for the full year.

Enbridge last had a favourable price-to-earnings (P/E) ratio of 16, which is better than the industry average. The dividend stock last paid out a quarterly distribution of $0.835 per share. That represents a tasty 6.7% yield. Enbridge is a stock retirees can trust.

Why retirees should hold this future dividend king

Back in July, I'd looked at some of my favourite dividend stocks for RRSP investors. Retirees should also look to snatch up **Fortis** (TSX:FTS)(NYSE:FTS). This St. John's-based utility holding company has delivered 47 consecutive years of dividend growth. It is on track to becoming a dividend by the middle of this decade.

Shares of Fortis have increased 12% so far this year. The stock has gained strong momentum after the release of its second-quarter 2021 results. Excluding the impact of foreign exchange and one-time items, net earnings rose by $17 million, or $0.04 per share, compared to the previous year. Meanwhile, adjusted earnings in the year-to-date period came in at $619 million, or $1.32 per common share — up $46 million, or $0.09 per common share, from the first half of 2020.

Fortis's $3.8 billion five-year capital plan aims to significantly expand its rate base by the end of the 2020s. Moreover, it expects that this expenditure will support annual dividend growth of roughly 6% through 2024. That is good news for retirees on the hunt for dependable dividend stocks.

Shares of Fortis possess a P/E ratio of 24, putting this dividend stock in attractive value territory. It offers a quarterly dividend of $0.505 per share, which represents a 3.4% yield.

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