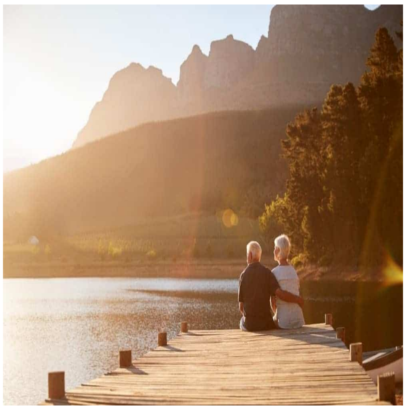

3 Reliable Dividend Stocks for Retirees

Description

Canadian retirees and other passive-income investors are searching for the best stocks to buy that offer high-yield dividends with good growth potential in the coming years.

Emera

Emera (TSX:EMA) owns utility businesses in Canada, the United States, and the Caribbean. The subsidiaries primarily supply natural gas and electricity to commercial and residential customers. These essential services are used every day, regardless of the state of the economy. Fluctuations can occur in times of higher or lower power demand due to changing weather conditions, but the revenue stream is generally very reliable.

Emera has a $7.4 billion capital program in place through 2023, and another $1.2 billion might get added to the total. As a result, rate base growth should be at least 7.5% over the next couple of years, and this is expected to support annual dividend increases of 4-5%.

The current payout provides a 4.3% dividend yield.

The company has a market capitalization of about $15 billion, so Emera might become a takeover target for a larger utility or alternative asset manager in the next few years as the utility sector consolidates.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) has more than $100 billion in energy infrastructure and power generation assets in Canada, the United States, and Mexico. The largest part of the assets base is focused on natural gas transmission and storage. Oil pipelines are also part of the mix, as well as nuclear power and gas-fired power facilities. Natural gas releases much less carbon dioxide when burned compared to oil and coal. As a result, many countries are using natural gas as an integral part of the transition process to renewable energy.

TC Energy's strategic asset network in the United States positions the company well to be a key player in the movement of natural gas from producers to their customers, including LNG terminals.

The company is working on a $21 billion capital program. As the new assets go into service, management sees revenue and cash flow expanding enough to support annual dividend increase of 5-7%. The current payout is already quite generous and provides a 5.8% dividend yield. TC Energy's share price looks undervalued today near $60 per share.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) owns $56 billion in utility assets that generate power, transmit electricity, and distribute natural gas to end users. Nearly all of the revenue comes from regulated businesses, so investors don't have to worry too much about shocks in quarterly or annual results.

Fortis raised the dividend in each of the past 47 years and has a plan in place to boost the payout by an average annual rate of 6% through 2025. That's good guidance for investors who rely on stocks for growing passive income. The revenue growth will come from the company's $19.6 billion capital program that is on track to increase the rate base from $30 billion in 2020 to $40 billion in 2025.

Investors who buy the stock now can pick up a decent 3.4% yield with solid distribution hikes on the horizon. This is one of those stock you can simply buy and forget for a couple of decades.

The bottom line on passive income

Emera, TC Energy, and Fortis all pay attractive dividends that should grow steadily in the coming years. These stocks are exactly the types of investments retirees and other investors search for in top passive-income stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:EMA (Emera Incorporated)
4. TSX:FTS (Fortis Inc.)
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