



## Retirees: 3 Dividend Stocks for Passive Income

### Description

Retirees want to spend their retirement years doing what they love. For many, managing their investment portfolio isn't a key part of that. Therefore, dividend stocks that require little to no attention from their investors would do wonders for retirees by providing passive income.

Moreover, these dividend stocks should provide juicy yields. Their dividends should be backed by stable business results with resilient earnings or cash flow and stable growth.

Here are a few dividend stocks retirees or soon-to-retire investors can consider.

### Enbridge

It's easy to identify a good dividend stock from a bad one when you check out its dividend history.

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stock's dividend track record is impressive. It has 25 consecutive years of dividend increases with a 10-year dividend-growth rate of 14.3%.

Although the North American energy infrastructure leader has become so large (a market cap of +\$100 billion) that its recent growth has slowed dramatically, it's still a valuable holding for retirees who seek a safe, high yield.

At writing, the dividend stock provides a yield of about 6.7% at \$49.80 per share. Going forward, it can still safely increase its dividend by 3-5% a year. That should lead to a long-term return of about 10% per year assuming no change in its valuation. That's a pretty good return for a high-yield, passive-income investment.

### Bank of Nova Scotia

**Bank of Nova Scotia's** ([TSX:BNS](#))([NYSE:BNS](#)) adjusted earnings is expected to rebound and normalize this fiscal year. This means its quarterly payouts are expected to be secured on a comfortable payout ratio of about 47%.

The bank stock should appeal to retirees who are focused on passive income, as it provides the biggest yield among the Big Six Canadian banks. At writing, the dividend stock offers a yield of close to 4.6% at \$78.59 per share.

It's only a matter of time before regulators will allow the banks, including Bank of Nova Scotia, to resume dividend growth. In the long run, investors can expect stable earnings and dividend growth to be about 5%, which should handily beat inflation.

## Emera

**Emera** ([TSX:EMA](#)) is a North American utility that pays a nice dividend yield of about 4.3%. This is roughly double the interest rate available from the best five-year GIC. Because it's a regulated utility, Emera earns predictable returns on its assets. So, you're almost guaranteed a growing dividend over time.

Indeed, Emera has a good dividend history — 14 consecutive years of dividend growth with a 10-year dividend-growth rate of 7.8%. In the near term, it'll probably be able to increase its dividend by about 4-5% per year.

## More food for thought

While [Enbridge](#), Bank of Nova Scotia, and Emera offer nice yields for passive income, the stocks aren't exactly a bargain right now. This could be a problem if retirees are new to investing and not used to volatility. Stock pullbacks are very common, especially when there's little margin of safety in value stocks like these. Therefore, it would be better if you don't need income now and could wait six to 12 months to see if the market will provide pullbacks of 7-15% for you to buy these [dividend stocks](#) for higher yields and with a bigger margin of safety.

If I really needed passive income now, I would buy some shares in Enbridge and Bank of Nova Scotia today, as they appear to provide slightly better value than Emera.

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2. Investing

### TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:EMA (Emera Incorporated)
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