



Retirees: 4 Reliable Stocks for a Worry-Free Income Stream

Description

Investors looking for a reliable and low-risk income stream during retirement could consider adding a few top-quality dividend stocks to their portfolios.

While many would avoid investing in stocks during their retirement, I believe [dividend stocks](#) are the best investment options for a worry-free income and to beat inflation with higher returns.

While there are plenty of dividend stocks listed on the TSX, only a few have a low-risk business and generate resilient cash flows that support share price growth as well as dividend payments. I have zeroed in on four such Canadian dividend-paying companies with rock-solid businesses, high-quality earnings and cash flows, and sustainable dividend payout ratios. Let's take a closer look at these stocks.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is one of the [top stocks](#) that one could consider for generating steady income during their retirement. The company's solid earnings base and predictable cash flows support dividend payments. Notably, Algonquin Power & Utilities has increased its dividend at a CAGR of 10% in the last 11 years. Currently, it offers a healthy yield of 4.3%.

I believe the company's low-risk business model, regulated utility assets, long-term power-purchase agreements, and rate base growth could continue to drive its earnings and dividend payments. Its strategic acquisitions and growth opportunities in the renewable business could further bolster its growth rate in the coming years.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) is another must-have dividend stock in your retirement portfolio for a low-risk income stream. It has a long history of consistently growing its dividends (49 years in a row) and offers a yield of over 4.9% at current price levels.

Notably, Canadian Utilities's low-risk business, high-quality earnings base, and contractual and rate-regulated assets position it well to boost its shareholders' returns through higher dividend payments. Further, its continued investment in contracted and regulated assets, improvement in its energy infrastructure business, and cost-optimization efforts indicate that it will likely hike its dividend at a decent pace in the coming years.

Scotiabank

Investors could also consider **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) stock for income and growth. The stock has gained over 45% in one year, and I expect the uptrend to sustain on the back of its stellar earnings, continued improvement in economic activities, and revival in demand. Furthermore, its diverse revenue streams, growing scale, exposure to high-growth markets, and acceleration in digital banking should further drive its stock price and dividend payments.

I expect higher credit demand, increased deposits, improved efficiency ratio, and lower provisions to boost profitability and drive higher dividend payments. Its yield stands at 4.6%, and its stock is trading at a discount to its peers, making it attractive at current levels.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) has consistently enhanced its shareholders' returns through higher dividend payments and looks like a reliable retirement stock. Notably, the company has raised its dividend for 47 years and expects to increase by 6% annually over the next five years. Currently, Fortis offers a sale yield of 3.5%.

Thanks to its low-risk business, regulated utility assets, and growing rate base, I believe Fortis could continue to generate resilient cash flows and deliver healthy returns in the coming years. Meanwhile, its focus on renewable power business, strategic acquisitions, new growth projects, and lower costs augur well for growth.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)

5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:CU (Canadian Utilities Limited)
7. TSX:FTS (Fortis Inc.)

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Date

2025/08/24

Date Created

2021/08/31

Author

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