3 Highly Recommended Retirement Stocks to Buy Now

Description

Investing in stocks is one of the best ways to build up your retirement funds. A powerful retirement portfolio can mean the difference between a happy retirement and financially constrained golden years. Time is one of your best friends when you are buying retirement stocks, because if you choose stocks that are good for decades and not just years, you can build a sizeable enough nest egg to live off comfortably.

And if that's the kind of stock you are looking for, there are three highly recommended stocks to consider.

A banking stock

As the second-largest bank in the country, **Toronto-Dominion** (TSX:TD)(NYSE:TD) is quite a safe holding for the next few decades. And it's also quite rewarding. Thanks to the rapid rise of the market value of the bank, the yield went down considerably in the last few months, but it has entered a slight correction phase, and the yield, which is currently 3.8%, might reach a sweeter 4% in the next few weeks (if the slump continues).

Buying when the stock has dipped a bit more would be a boon from a valuation perspective as well, even though the bank stock is quite fairly valued right now. The current slump is a bit surprising, because it came right after strong third-quarter earnings in which the bank beat expert estimates.

Another reason to consider TD is its capital growth potential, which, if we go by the 10-year CAGR, is in the upper half of the banking sector.

A resilient airline stock

Exchange Income (TSX:EIF) showed amazing resilience after the market crash, despite its significant exposure to the airline industry. The aristocrat of 10 years maintained its dividends through a vicious payout ratio and is still sustaining its monthly payouts. However, the company will *have* to grow its payouts later this year to maintain its aristocratic status.

The price is not very attractive, but it's also not too high to dissuade investors from its 5.1% yield. And even though the stock hasn't been a great grower for the last five years, its long-term capital appreciation potential is still quite decent. Its current growth momentum is quite impressive, and if the company can sustain it, you might see a faster-than-usual capital appreciation pace.

A green utility company

The utility business is almost as safe (if not more) than banking in Canada. It's reliable, consistent, and if you are invested in a green utility company like **Algonquin Power And Utilities** (TSX:AQN)(NYSE:AQN), it's also poised for future growth. It offers a powerful combination of growth and dividends and is also an aristocrat that has been growing its payouts for a decade.

Before 2020, Algonquin was a consistent growth stock. The market crash and subsequent recovery took a toll on the stock, and it has only grown about 8.5% in the last 12 months. The 10-year CAGR of 18.5% is still impressive, and the price is just slightly overvalued, which is quite adequate for a stock like Algonquin.

Foolish takeaway

Even if you are two or three decades away from retirement, you might be able to retain the three stocks all the way to the golden years. And if you choose the DRIP, your stake might grow to substantial proportions in the coming decades, thanks to the dividend growth offered by the three aristocrats.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:EIF (Exchange Income Corporation)
5. TSX:TD (The Toronto-Dominion Bank)

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