



2 High-Yield Stocks for Retirees to Buy for 2022

Description

In a world where [GIC](#) rates don't even cover inflation, retirees are turning to dividend stocks to boost returns on their savings. Owning stocks carries risk, but some top Canadian companies with reliable dividends still trade at reasonable prices and offer above-average yields.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is great stock to buy for investors who want good dividend-growth guidance supported by rising revenue and cash flow. The company is working through a \$21 billion capital program that should drive annual dividend increases of at least 5% over next few years.

Investors have received a dividend increase every year for the past two decades, so the guidance should be reliable for continued payout hikes.

TC Energy reported solid [Q2 2021 results](#). Comparable earnings came in at \$1 billion versus \$863 million in the same period last year.

Flows along TC Energy's oil and gas pipeline networks remain in line with historical volumes, despite the challenges of the pandemic. The company operates 93,300 km of natural gas pipelines, 4,900 km of oil pipelines, and 4,200 megawatts of power-generation capacity.

TC Energy recently announced a partnership to develop a carbon sequestration system that will serve as a new revenue source and help oil and gas producers meet their [ESG](#) goals, including net-zero emissions targets. The company currently pays a quarterly dividend of \$0.87 per share. The stock trades near \$62.50 per share at the time of writing and offers a 5.6% dividend yield.

Gibson Energy

Gibson Energy ([TSX:GEI](#)) is a niche player in the Canadian energy sector with storage, transportation, and refining operations. The company reported solid [Q2 2021 results](#), and announced

the construction of a new storage tank that will hold 435,000 barrels of oil. The investment is supported by a long-term take-or-pay contract from a new customer.

In total, the company has \$200 million in growth projects on the go in 2021, on top of \$30 million in investments on asset-replacement initiatives.

Gibson Energy has focused more on its storage business in recent years, and growth prospects should be steady, as producers increasingly search for storage options in an era where limited pipeline capacity can create bottlenecks in the system.

The board recently approved an aggressive share-buyback plan in addition to its generous dividend. In August, the company announced the renewal of its Normal Course Issuer Bid (NCIB). Gibson Energy intends to repurchase up to 10% of its outstanding common stock over the next 12 months. The company pays a quarterly dividend of \$0.35 per share. That's good for an annualized yield of 6%.

Gibson Energy trades near \$23.50 per share at the time of writing. This is down from the 2021 high around \$27, so investors have an opportunity to buy the stock on a dip and pick up a solid dividend yield. The distribution should be safe with a 12-month trailing payout ratio of 73%, which is comfortably within the company's 70-80% target. Gibson Energy's large share-buyback announcement suggests the board is comfortable with the cash flow outlook. Investors might even see a payout increase in 2022.

The bottom line

TC Energy and Gibson Energy are good companies that pay attractive dividends with above-average yields for income investors. The distributions should continue to grow, supported by reliable cash flow.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:GEI (Gibson Energy Inc.)
3. TSX:TRP (TC Energy Corporation)

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