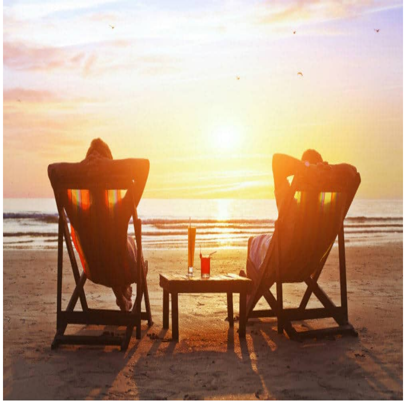

Retirees: 3 ETFs for Passive Income in Your 60s

Description

Are you looking forward to regular cash income in retirement?

If so, it pays to invest in dividend ETFs.

Everybody knows that you should invest in retirement. But it's not always clear what types of investments you should buy. Stocks are volatile, bonds fail to keep up with inflation, and savings accounts barely pay anything.

In this environment, where is a retiree to put their money?

Different advisors will give you different answers. At least part of the answer will likely be "dividend ETFs." ETFs spread risk across various assets, reducing unsystematic risk (the part of total risk that can be diversified away). Dividends add regular cash income so you don't need to time stock sales. Like bonds, dividend ETFs pay cash income, but unlike bonds, they have a shot at beating inflation.

With that in mind, here are three dividend ETFs for a cash-rich retirement.

iShares S&P/TSX 60 Index Fund

The **iShares S&P/TSX 60 Index Fund** (TSX:XIU) is Canada's most popular index fund. It tracks the TSX 60–the 60 largest TSX stocks by market cap. This fund isn't strictly a dividend fund, but it does have a 2.6% yield–so you get some income out of it. XIU is a decent fund with a low 0.16% MER. It's definitely not a high-growth fund, but it pays solid dividends–about $2,600 worth each year on a $100,000 position. It's a staple of Canadian retirees' portfolios for a reason. With decent yield, low fees, and a proven track record, it's a fund you can count on.

BMO Canadian High Dividend Covered Call ETF

The **BMO Canadian High Dividend Covered Call ETF** (TSX:ZWC) is a dividend ETF whose yield has been reported at 6.53%. This may vary over time because the fund uses a yield enhancement strategy based on covered calls. The fund writes (sells) covered calls and collects a premium. It passes these premiums onto investors along with the dividends paid by the portfolio. The actual premiums collected can vary over time, so I wouldn't expect this fund's yield to stay steady. Nevertheless, it is an extremely high-yield fund that can add some much-needed income to your retirement portfolio.

The BMO Mid-Term U.S. IG Corporate Bond ETF

Last up we have the **BMO Mid-Term U.S. Investment Grade Corporate Bond ETF** (TSX:ZIC). This is a U.S. corporate bond fund that yields about 3.53% if you buy it today. That doesn't quite match inflation, but bonds are less risky than stocks. So you get what you pay for. You wouldn't want to have all of your money invested in a fund like ZIC. The returns are generally quite tame. But if you have a large amount of money saved for retirement, you could potentially live on bond interest.

The fund has a 0.27% MER, which isn't super low but is far from the highest fee out there. Overall, this is a fund worth considering for extremely conservative investors.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)
2. TSX:ZIC (BMO Mid-Term US IG Corporate Bond Index ETF)
3. TSX:ZWC (Bmo Canadian High Dividend Covered Call ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. andrewbutton
2. arosenberg

Category

1. Dividend Stocks

Date
2025/07/19
Date Created

2021/09/26
Author
andrewbutton