3 Retirement Stocks for a Worry-Free Income

Description

Investors looking for a regular and worry-free income stream during retirement could consider buying a few top-quality Canadian dividend stocks. While high-quality dividend stocks also carry risk, they are relatively less volatile. Furthermore, their well-established businesses, strong earnings base, resilient cash flows, and high market share continue to support dividend payouts, irrespective of the wild market swings.

Take **Fortis** (TSX:FTS)(NYSE:FTS) stock, for instance. Its low-risk utility business continues to generate resilient cash flows that drive its higher dividend payments. Fortis's dividend has increased for 47 years in a row. Further, it projects it to rise by 6% annually in the coming years on the back of its growing rate base and diversified utility assets.

While Fortis is a must-have income stock in your portfolio, let's look at three more Canadian stocks that could deliver worry-free dividends.

Scotiabank

First on my list is **Scotiabank** (TSX:BNS)(NYSE:BNS) stock, which I believe is a perfect pick for retirees to generate stable dividend income, thanks to its rich dividend payment history. To give a little background, this bank has been paying a dividend since 1833 and has steadily increased it over the past several years. Its exposure to high-growth markets, operating leverage, and solid credit quality have consistently driven its earnings and supported its payouts.

I expect Scotiabank to continue to enhance its shareholders' returns through increased dividends in the coming years. Further, its diversified revenue base, increase in economic activities, expected improvement in credit demand, and lower provisions will likely drive its profitability. Also, its strong capital position and robust balance sheet augur well for growth. Currently, it yields around 4.6% and trades at an attractive discount to peers.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is another reliable stock to generate a worry-free income. Like Scotiabank, it has consistently paid and raised its dividends for a very long period, backed by its high-quality regulated and contracted assets that generate robust cash flows.

It's interesting to note that TC Energy's dividend has grown at a CAGR of 7% since 2000, and the company projects a 5-7% growth in its annual dividend in the coming years, which is encouraging.

Its regulated and contracted assets remain resilient to economic cycles and witness higher utilization. Further, its strong secured capital program, solid developmental pipeline, and investments in growth initiatives will likely generate incremental EBITDA and support higher dividend payments. It currently offers an attractive yield of 5.6%, which is safe, while its payout ratio is sustainable in the long run.

Canadian Utilities

Next up are the shares of the utility giant **Canadian Utilities** (TSX:CU). It has raised its dividend for a record 49 consecutive years, the highest among all the publicly listed Canadian companies, making it a reliable bet for retirees to generate stable income at lower risk. Further, this utility company is offering a solid yield of 5.1%.

Looking ahead, I believe Canadian Utilities's low-risk business model, rate-regulated assets, and cost-optimization efforts would support its earnings growth and drive its shareholders' returns. Its contractual framework, continued investment in regulated assets, and improvement in its energy infrastructure business indicate Canadian Utilities will likely increase its dividend at a healthy pace in the coming years.

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3. NYSE:TRP (Tc Energy)
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5. TSX:CU (Canadian Utilities Limited)
6. TSX:FTS (Fortis Inc.)
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