



Canadian Retirees: 1 Top Dividend Stock to Buy for Passive Income

Description

Canadian retirees probably feel like they're between a rock and a hard place right now, with inflation above 4% and bond yields essentially at the floor.

Undoubtedly, risk-free debt securities are almost no longer worth owning given their meagre coupons. Indeed, as rates go on the ascent again, these risk-free securities may become far riskier and their valuations considerably higher than most of the plays in the equity markets. Today, there are many opportunities in the TSX to pick up top dividend stocks at meaningful discounts, and, best of all, they don't require one to significantly hike the amount of risk they'll bear. While there are zero guarantees in the world of equities or other so-called risky securities, it is worth making the jump into some of the more secure Canadian dividend stocks. The longer you intend to hold them, the less risky they'll tend to be.

So, if you're looking for a stock to produce passive income for the duration of your retirement, whether it be the next 10, 15, or 20 years, ditching a portion of your bonds for quality dividend stocks starts making a lot of sense. Further, if you insist on paying a lofty discount to your estimation of a Canadian dividend stock's intrinsic value range, you'll add in [a nice margin of safety](#), further improving the risk/reward on a "risky" investment you'll make. I think doing such may be a far less risky move than just sticking with bonds, settling for its unrewarding yield and acting as a sitting duck in the face of elevated inflation, which may be less transitory than most think.

Without further ado, let's have a closer look at one [high-yield dividend stock](#) for Canadian retirees seeking bountiful but safe passive income.

Manulife Financial: A top passive-income stock for dividend investors

Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#)) is one great passive-income stock that many Canadian investors seem to like doubting. The company has a magnificent opportunity to grow in Asia over the long run. While the Asian business may not be paying massive dividends today, it will grow to become

a massive needle mover in a decade or so down the road. You see, Manulife and its brilliant managers are playing the long game with its international growth story. In the meantime, the U.S. and Canadian businesses are no slouches.

Still, they're not exciting for those seeking next-level growth. In any case, Manulife has a rock-solid dividend and a valuation that's too cheap to ignore. Yes, the next 12 months could prove tougher for the insurer, given all the uncertainties. Still, if you're a retiree seeking big passive income at a reasonable price, MFC is a great option with its 4.5% yield at a ridiculously cheap 6.87 price-to-earnings (P/E) multiple. Such a low single-digit multiple screams value trap, but MFC is anything but.

The bottom line for dividend-seeking Canadian retirees

Canadian dividend investors don't need to settle for rock-bottom bond yields, as they see their purchasing power erode every month due to inflation north of the 4% mark. Magnificent dividend bargains are out there, and Manulife Financial is just one of them. There are risks that come with dividend stocks, but they're well worth taking for most Canadian retirees who have the ability and willingness to take on more risk for a whole lot more reward.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

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. joefrenette
2. kduncombe

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/30

Date Created

2021/10/22

Author

joefrenette

default watermark

default watermark