



## Retirees: Build a Strong 2nd Pension With These 2 Dividend Stocks

### Description

A recent survey by Lifeworks reveals that [saving for retirement](#) is the financial priority of 26% of Canadians and that 9% are prioritizing investing. Indeed, 13% of respondents said they're paying bills and just getting by.

A separate survey by Mackenzie Investments reveals that about 36% of working Canadians aren't confident how much money their retirement income sources will provide. Somehow, both poll results indicate the Old Age Security (OAS) and Canada Pension Plan (CPP) aren't enough.

Fortunately, there's a proven way to increase retirement readiness or have the confidence to retire. If you have savings or money, [dividend investing](#) is the way to go. You can build a strong second pension by owning blue-chip stocks. The top choices today are **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and the **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

### Dividend king

Canada's largest communications company hasn't missed a single dividend payment since 1881. BCE trades at \$63.18 per share, with a corresponding dividend offer of 5.54%, the highest in the telco sector. Also, the year-to-date gain of 21.15% is nearly at par with the **TSX's** +21.54.

Assuming you invest \$100,000 in BCE, the annual investment income is \$5,540. You can reinvest the dividends to compound the investment's value. In 20 years, the capital will grow to almost \$294,000. Moreover, retirees can live off the dividends while the principal remains intact.

BCE has no problems generating revenue and making profits. The \$57.36 billion company averages \$23.4 billion in revenue (2018 to 2020) and \$2.9 billion in net income annually (2018 to 2020). In Q2 2021, net earnings grew 149.7% to \$734 million versus Q2 2020.

According to Glen LeBlanc, CFO of BCE and Bell Canada, the company's financial and competitive position are exceptional. He describes the balance sheet as a strong investment-grade balance sheet, with available liquidity of \$5.3 billion at the quarter's end. LeBlanc adds that BCE's defined benefit

pension plans are fully funded.

## Superior returns

BNS or Scotiabank is an [ideal retirement stock](#). Canada's third-largest bank has diversified operations in high-quality growth markets. Regarding stock performance, the Big Bank has rewarded investors with a total return of 166,900.73% (16.66% CAGR) in the last 48.88 years. The current share price is \$81.85 (+24.73% year to date).

The 99.45 billion global bank also pays the highest dividend (4.40%) in the banking sector. Scotiabank's average net income from fiscal years 2017 to 2019 was \$8.3 billion. However, it tapered off to \$6.77 billion in fiscal 2020. The bank raised its provision for credit losses (PCL) and sacrificed income during the COVID year.

In early October 2021, Scotiabank reported that Canada's strongest economic expansion is underway. Small- and medium-sized enterprises will play a vital role and need new growth opportunities in the coming months. The bank is ready to support these businesses as they pivot to new ways of doing things.

## Avoid financial stress

Since the OAS and CPP pensions are foundations only, it would be best for would-be retirees to have other income sources in retirement. Canadians can avoid financial stress in the later life by creating pension-like income through blue-chip stocks like BCE and Scotiabank.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BCE (BCE Inc.)
4. TSX:BNS (Bank Of Nova Scotia)

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