



3 Under-\$50 Dividend Stocks Yielding Over 3.5%

Description

Investors planning to supplement their income during retirement should consider buying a few high-quality dividend-paying stocks. Besides providing regular income, dividend-paying stocks are relatively less volatile given their ability to consistently grow earnings irrespective of the economic cycles.

Further, I recommend you invest in dividend stocks through your TFSA (Tax-Free Savings Account), as your dividends are not taxed.

Let's dive deeper into three stocks that are reliable bets to generate worry-free income during your retirement. Further, these stocks are trading cheap (under \$50), have sustainable payouts, and are yielding over 3.5%.

Pembina Pipeline

Despite being a part of the energy sector (the performance of which is closely tied to economic cycles), **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is a reliable [bet for retirees](#). This is due to its highly contracted business, ability to generate strong fee-based cash flows, and sustainable payouts.

To give a little background, this energy infrastructure company has consistently rewarded its shareholders with a monthly dividend and has distributed more than \$10 billion in dividends since its inception. In the last decade, it has increased the dividend at a CAGR of about 5%. Further, Pembina paid dividends even at the peak of the pandemic, which is incredible and reflects the strength of its cash flows.

Pembina pays a monthly dividend of \$0.21 a share and offers a stellar yield of over 6.0%. I believe the company could continue to generate stable dividend income for its investors, as its payouts are covered through the resilient and growing fee-based cash flows. Its diversified assets and contractual framework will likely drive its fee-based cash flows. Further, solid backlogs, growth projects, higher realized prices, and increased volumes augur well for growth.

AltaGas

AltaGas ([TSX:ALA](#)) has evolved as a reliable income stock that is currently [trading cheap](#). Thanks to its balanced portfolio of low-risk utility assets and high-growth midstream business, it has enhanced its shareholders' returns through consistent dividend payments. AltaGas pays a monthly dividend of \$0.083 a share and yields 3.7% at current price levels.

I believe its regulated utility assets and rate base growth will continue to generate predictable cash flows that could easily cover its payouts. Further, its high-growth midstream operations will likely accelerate its growth and drive higher dividend payments.

I expect rate base growth, integration of Petrogas, customer acquisitions, higher export volumes, and an increased asset utilization rate to drive its profitability at a healthy pace over the next several years and, in turn, support its payouts.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) stock is another solid investment to generate steady passive income. It operates a low-risk utility business and owns high-quality assets that generate predictable cash flows supporting higher dividend payments.

Algonquin Power & Utilities has grown its dividends at a CAGR of 10% in the last 11 years, thanks to its power-purchase agreements and rate base growth. It offers quarterly payouts and is yielding 4.6% at current price levels.

Looking ahead, I believe the company will continue to reward its shareholders with higher dividends, owing to its regulated assets and contractual agreements. Its long-term power-purchase agreements, double-digit rate base growth rate, and capacity expansion in the renewable power segment position it well to deliver solid cash flows. Further, strategic acquisitions will likely accelerate its growth.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:PPL (Pembina Pipeline Corporation)

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Date

2025/08/19

Date Created

2021/10/25

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