



2 Undervalued Dividend Stocks to Buy for Passive Retirement Income

Description

The **S&P/TSX Composite Index** continues to rebound after falling during the last two weeks. The TSX today is up 18% year to date and 6% since the beginning of October. This comes from a flurry of positive earnings reports feeding into the growth. But it also makes it harder to find undervalued dividend stocks — especially if you're a retiree.

There is indeed a difference whether you're retired or not. Instead of having income from a job, you're relying on investments, pensions, and other means of income. And that's why finding undervalued dividend stocks is the best-case scenario. You can hopefully see stronger returns and will continue seeing strong dividend income come your way immediately. You don't have the time to wait; you need cash *now*.

That's also why I would recommend buying these dividend stocks and putting them in your Tax-Free Savings Account (TFSA). You can invest as you like, and take out cash when you [need it](#). You can also set up pre-authorized contributions to reinvest in your dividend stocks on the TSX today. You'll then make a massive nest egg that can see you through your retirement.

So, let's look at two top options I would consider adding to your TFSA from passive income in retirement.

Aecon

Motley Fool retirees looking for undervalued dividend stocks should definitely consider **Aecon Group** ([TSX:ARE](#)). The infrastructure company. There is a [massive](#) backlog in infrastructure projects due to the pandemic, but Aecon has been keeping busy. It has a portfolio of projects that will last years and continues to win more arrangements. As of writing, it has a \$6.5-billion backlog *plus* a +\$40 billion pipeline of "active pursuits."

Yet Motley Fool investors have not accurately valued this stock, with many believing shares to belong around \$25, rather than where it is today at \$20.50. There is a positive outlook for the company well into the future, but it offers significant value for investors seeking dividend income today.

The stock is one of the undervalued dividend stocks with a P/E ratio of 13.54, and EV/EBITDA of 5.03 at writing. Plus, it offers a solid dividend yield of \$3.48 as of writing. That would create \$1,707 in annual passive income from a \$50,000 investment.

Canadian Imperial Bank of Commerce

It's hard to believe that **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) remains an undervalued dividend stock. But it's true. Despite trading near all-time highs, it remains a top choice for retirees seeking long-term passive income.

The bank came out of the pandemic in a solid financial position, and that remains the case. It's been investing in its digital platform, providing solid growth in customer service over the past few years. And for those thinking it's worried about the immediate future, management sure isn't. The company recently announced a \$450 million venture capitalist program. This includes investing in \$30 million recently in electronic health records-provider Azalea Health.

The stock remains undervalued, trading at a P/E ratio of 11.53 as of writing. Further, it offers a potential upside of around 7% for the next year. And, of course, there's its strong dividend yield of 3.88%. That would put \$1,947 in your pocket each year from a \$50,000 investment.

Foolish takeaway

Aecon and CIBC stock are solid income producers for Motley Fool retirees to consider on the TSX today. But what's excellent is they are both in undervalued territory. However, that won't be for long. As earnings come out and the TSX climbs, these stocks are likely to climb as well.

The best part is you get income from these long-term producers starting at the next dividend payout. So, you don't have to wait to see cash on hand. Savings are crucial in retirement, but so is investing. Choosing these stocks could see you through decades of financial [certainty](#).

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:ARE (Aecon Group Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)

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. alegatewolf
2. kduncombe

Category

1. Coronavirus
2. Investing

Date

2025/07/23

Date Created

2021/10/27

Author

alegatewolf

default watermark

default watermark