



Nearing Retirement? These Canadian Stocks Are As Safe As it Gets

Description

As investors approach retirement, stabilizing your portfolio with high-quality Canadian stocks is crucial. It's vital to ensure that your portfolio returns enough passive income but is also resilient and can protect your capital through the ups and downs of the market cycle.

Therefore, it's crucial that we find the highest quality businesses with defensive operations and can continue to increase their dividends each year.

So if you are at or nearing retirement and looking to add some high-quality dividend stocks to your portfolio, here are two of the best to buy today.

A perfect top Canadian utility stock if you're nearing retirement

Some of the safest Canadian stocks are also some of the best dividend stocks you can buy — making them some of the best stocks to consider if you're on the verge of retirement. Such stocks are in the utility industry.

Several utility stocks are worth buying today, one of which is **Hydro One** ([TSX:H](#)). Hydro One owns electricity transmission and distribution assets. In total, the company has over 300 transmission stations, more than 30,000 circuit km of high-voltage power lines, and 124,000 circuit km of distribution lines.

Hydro One is an excellent investment as it has massive operations that allow it to provide an essential service, plus it operates in a stable rate-regulated environment. In addition, the company has a strong balance sheet, making it one of the safest Canadian stocks you can buy today ahead of retirement.

Furthermore, the [dividend stock](#) has a target payout ratio of 70%-80% of its earnings per share. So Hydro One returns most of its profits to investors and retains about a quarter of the capital to invest in more growth.

And even though the company is such a safe investment, it still offers a tonne of low-risk and stable

growth. From 2013 until this year, the stock has grown its rate base at a [compound annual growth rate](#) (CAGR) of 5%. And unsurprisingly, its dividend has also grown at a 5% CAGR each year since 2016, the first full year after its initial public offering.

Today the dividend yields roughly 3.6%, and management expects growth to pick up over the next few years. Currently, Hydro One is expecting to grow its rate base at a CAGR of 6%.

So if you're looking for a highly resilient Canadian dividend stock to buy for retirement, Hydro One is one of the best to consider.

A top consumer defensive stock

In addition to Hydro One, another top Canadian stock for investors who need a safe pick is the **North West Company** ([TSX:NWC](#)). The North West Company is another highly safe Canadian stock that's perfect for investors ahead of retirement since it's a consumer staples stock. That means that North West sells food and other essential items that consumers need no matter what the state of the economy.

Furthermore, North West operates in remote communities, many of which are in Alaska and Northern Canada. So in a lot of these communities, it's one of the only places where residents can get their essential items, giving it a tonne of stability and opportunity. And going forward, not only is North West looking to grow sales but it's also been improving its margins substantially. This has led to rapid growth in its income in the last few years.

Just like Hydro One, North West is a Canadian Dividend Aristocrat. In fact, the consumer staple stock even offers a more attractive dividend yield today, at roughly 4.5%.

So if you're looking for a high-quality Canadian stock that you can count on in retirement, North West is one of the best to buy now.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)
2. TSX:NWC (The North West Company Inc.)

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