About to Retire? 3 Safe Stocks to Lower Your Risk

Description

Retirees can't be careless with their money to avoid outliving their funds or savings. If you're close to retirement and need to invest in stocks to create income besides the pension, evaluate your prospects carefully.

National Bank of Canada (TSX:NA), **Fortis** (TSX:FTS)(NYSE:FTS), and **Metro** (TSX:MRU) are not high-yield stocks. However, any of them are excellent for risk-aversion investing. The yields pale in comparison to dividend beasts, but they are safe. They might be conservative choices, but your capital will grow steadily over time.

Dividend boost

In the most recent earnings season, Canada's sixth-largest bank announced a 23% dividend hike. The percentage increase was the second most significant boost among the Big Six banks. National Bank president and CEO Laurent Ferreira said, "We enter the new year on strong footing, well positioned to generate solid growth across our business segments and deliver superior returns to our shareholders."

Apart from the 53% net income growth in fiscal 2021 versus fiscal 2020, the bank's common equity tier one (CET1) ratio increased from 11.8% to 12.4%. Ferreira added, "The bank delivered outstanding results in fiscal 2021. We generated superior organic growth and an industry-leading return on equity while maintaining strong capital levels and prudent allowances for credit losses."

National Bank's total return (309.71%) in the last 10 years reflect low-risk stability. In 2021, the stock outperformed the TSX: +39.73% versus +21.74%. The share price is $98.41, while the dividend yield is 3.5% if you invest today.

Ultimate safety net

Fortis is the no-brainer choice for soon-to-be retirees. This $28.4 billion regulated electric and gas utility company is not only the ultimate safety net but also a dividend grower. Its dividend-growth streak of 48 consecutive years is an incredible feat. The company derives nearly 100% of revenues from regulated utility assets.

In Q3 2021, net earnings increased 2.85% to $903 million versus Q3 2020. The percentage increase appears insignificant, but it reflects the benefits of Fortis's regulatory and geographic diversity. Its president and CEO David Hutchens recently announced a new five-year $20 billion capital plan (2022 to 2026) — the largest ever for the company.

Investors should welcome this development, because the plan is highly executable, according to Hutchens. With an increasing rate base, Fortis can live up to its promise of a 6% annual dividend-growth rate through 2025. The defensive stock trades at $60.05 per share and pays a 3.54% dividend.

Strong business fundamentals

Metro pays a 1.49% dividend ($66.66 per share), but the modest yield shouldn't be a deal buster. The $15.24 billion iconic food retailer is a reliable dividend payer regardless of the economic environment. In fiscal 2021 (year ended September 25, 2021), sales and net earnings increased 1.6% and 3.7%, respectively, versus fiscal 2020.

The company looks forward to a better fiscal 2022. According to Metro's president and CEO, Eric La Fleche, it will continue to invest in the modernization of its supply chain, network of stores, and omnichannel strategy. Despite cost inflation pressure, Metro boasts strong business fundamentals. Sales should return to pre-pandemic levels soon.

Long-term holdings

The three stocks are ideal long-term holdings if you're preparing for retirement or building a nest egg. Jump into the safety nets now to secure your financial future

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:MRU (Metro Inc.)
4. TSX:NA (National Bank of Canada)

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. cliew
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/09/05
Date Created
2022/01/08
Author
cliew