



## Retirees: 3 High-Yield Stocks to Buy Today for Passive Income

### Description

Canadian pensioners are searching for good dividend stocks to buy that will generate steady passive income in their self-directed [retirement](#) portfolios.

### TransAlta Renewables

**TransAlta Renewables** ([TSX:RNW](#)) provides a 5.55% dividend yield at the time of writing. The stock looks cheap at the current price below \$17 per share. It was above \$22 at one point last summer.

The pullback occurred as part of a broader downward move in renewable energy stocks that had enjoyed big rallies in late 2020 and early 2021. TransAlta Renewables also ran into some company-specific issues last year. These included unplanned downtime at a gas-fired power plant and the discovery of structural problems at one of the wind farms. TransAlta shut down the 50 turbines at the Kent Hills sites in New Brunswick to replace the foundations on all the towers.

The situation is frustrating for investors, but it will get fixed. In the meantime, TransAlta continues to put new assets into service and is making strategic acquisitions to drive growth. The stock could drift back toward the \$20 mark by the end of the year.

### Emera

**Emera** ([TSX:EMA](#)) is an electricity and natural gas distribution utility with \$33 billion in assets serving 2.5 million customers located in Canada, the United States, and the Caribbean.

The company invested \$2 billion in new projects last year and entered 2022 with \$5.4 billion on tap through the end of 2023, along with an additional \$1.2 billion in capital initiatives that are under consideration.

Management expects the rate base to increase enough to support dividend hikes of 4-5% in 2022 and 2023. The current payout provides a yield of 4.4%.

Emera is a good defensive stock to buy if you are concerned that the overall stock market is headed for a meaningful correction at some point this year.

## Algonquin Power

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) owns renewable power-generation assets along with water, electricity, and natural gas distribution utilities. The stock trades around \$18 per share at the time of writing and provides investors with a 4.9% dividend yield.

The share price was above \$22 in February last year but pulled back through most of 2021. It got caught up in the renewables selloff, but Algonquin Power's utility assets put it in a different class than the pure-play renewable power companies.

Algonquin Power is in the process of buying Kentucky Power for US\$2.85 billion. The deal will make Algonquin Power much larger, increasing its customer base by 19%. The regulated rate base will expand by 32% to US\$9 billion, and the company's distribution and transmission infrastructure will grow by 37%.

Algonquin Power announced a U\$12.4 billion capital program for 2022 to 2026 that will drive growth in adjusted net earnings of 7-9% per year. This should support steady dividend hikes. The board has increased the payout by 10% per year over the past decade.

AQN stock looks [undervalued](#) right now and could take off once the Kentucky Power deal closes around the middle of 2022.

## The bottom line on top dividend stocks for passive income

TransAlta Renewables, Emera, and Algonquin Power all pay attractive dividends for investors seeking passive income. If you have some cash to put to work, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:EMA (Emera Incorporated)
4. TSX:RNW (TransAlta Renewables)

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