



The 4 Best TSX Dividend Stocks for Your Retirement Portfolio

Description

Dividend stocks are excellent investment vehicles to generate steady income for retirees. Further, top-quality companies consistently increase their dividends, thus acting as a hedge against inflation. So, if you are plan on adding a few high-quality, dividend-paying stocks to your portfolio, consider buying the shares of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

The reason for choosing these TSX stocks is simple. These Canadian companies have been increasing their dividends for a very long period. Further, these companies have strong earnings power, and their dividends are well protected through resilient cash flows. Let's delve deeper.

Fortis

Fortis has been growing its dividends for 48 years, implying that retirees can easily rely on it for a [steady inflow of income](#) amid all market conditions. The company operates 10 diverse regulated utility businesses that account for the majority of its earnings. While its low-risk regulated assets generate strong cash flows, Fortis's growing rate drives its high-quality earnings base, thus allowing it to consistently increase its payments per annum.

Looking ahead, Fortis sees its rate base growing by 6% annually in the medium term, which is encouraging. Further, it projects a 6% hike in its annual dividend during the same period. Also, its growing renewables capacity, opportunistic acquisitions, and productivity savings bode well for future payouts.

TC Energy

Similar to Fortis, TC Energy also owns high-quality regulated and contracted assets that support its dividend payouts. It has grown its dividend since 2000, while its dividend has a CAGR of 7% during the same period.

Looking ahead, TC Energy's contracted and regulated assets are expected to account for about 95% of its earnings, implying that its dividend is safe. Meanwhile, a higher asset utilization rate, multi-billion secured capital program, and additional sanctioned projects will likely drive its earnings and, in turn, dividend payments. Thanks to its strong earnings base, TC Energy projects a 3-5% increase in dividends per annum in the coming years.

Enbridge

Enbridge has been increasing its dividend for 27 years. Further, its strong distributable cash flow-generating capabilities suggest that it could continue to increase its dividend in the coming years. Also, it offers a [high yield of 6.5%](#).

I am upbeat about Enbridge's diverse cash flow streams and recovery in its mainline volumes. Further, long-term contracts, expansion of renewables capacity, and strategic acquisitions will likely drive its future earnings. Also, Enbridge's strong secured projects, toll escalators, and cost savings augur well for future dividend payments.

Algonquin Power & Utilities

Thanks to its conservative business mix and steady cash flows, Algonquin Power & Utilities has grown its dividend at a CAGR of 10% over the past 11 years. Its ability to expand its rate base and grow earnings supports its payouts. Meanwhile, its low-risk utility assets indicate that its payouts are safe and sustainable in the long term.

Algonquin Power & Utilities projects its rate base to increase at a double-digit rate in the coming years, which will likely drive its EBITDA and earnings and, in turn, support increased dividend payments. Overall, its high-quality utility assets, long-term agreements, and growing renewable power capabilities provide a solid base for future earnings growth.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:TRP (Tc Energy)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:ENB (Enbridge Inc.)
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