



2 Top TSX Dividend Stocks for Retirees

Description

Canadian retirees are searching for the best dividend stocks to buy that offer attractive yields and reliable distribution growth.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) has a long history of being a top holding among Canadian retirees. The business provides essential communication services to individuals, homes, and enterprises across the country. BCE is the largest player in the [sector](#) and enjoys a wide competitive moat.

With a [market capitalization](#) of \$60 billion and a strong balance sheet, BCE has the financial means to make the large investments needed to ensure its customers have the world-class broadband access they need for work and entertainment.

BCE continues to roll out its fibre-to-the premises initiative and is spending heavily on the expansion of its [5G](#) network. Despite the large capital outlays, BCE still generates adequate free cash flow to give investors a generous dividend.

The board just raised the distribution by 5.1% for 2022. Investors who buy BCE stock at the current price near \$66.50 can pick up a 5.5% dividend yield.

This is a good anchor stock for a portfolio focused on creating a steady stream of passive income.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) owns \$58 billion in utility assets located across Canada, the United States, and the Caribbean. The businesses include power generation, electric transmission, and natural gas distribution operations. Nearly all the revenue is generated by regulated assets. This means cash flow is normally predictable and reliable. That's an important consideration for retirees who are seeking top stocks with stable dividends.

Fortis has a \$20 billion capital plan in progress that will increase the rate base by about a third through 2026. The resulting boost to revenue and cash flow is expected to support average annual dividend increases of 6% through 2025. Fortis has other projects under consideration that could get added to the capital program, so the size of the dividend increases could get bumped up and the guidance extended.

Fortis also grows through acquisitions. The company hasn't done a bid deal for a few years, but it wouldn't be a surprise to see a purchase occur in the near term. Fortis added a mergers and acquisitions specialist to the leadership team in 2021.

The board raised the dividend in each of the past 48 years. That's a great track record that should give investors confidence the current guidance on dividend growth is sound.

Fortis stock has pulled back a bit over the past month. This gives investors a chance to buy the shares on a nice dip. At the time of writing, the stock provides a 3.7% dividend yield. That's not as high as BCE's, but the dividend growth outlook is strong, and the stock is a solid defensive pick for retirees.

The bottom line on top stocks for dividend income

BCE and Fortis pay reliable and growing dividends. The companies have strong management and should deliver steady payout growth in the coming years. If you have some cash to put to work in a self-directed portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

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Author

aswalker

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