3 Retirement Stocks to Buy in Your 50s

Description

When you are in your 50s and nearing retirement, your approach to investing is usually more careful and considerate, since capital preservation becomes more of a priority compared to growth. You may also consider turning some of your pure growth assets into income-producing assets and choose the DRIP to grow your stake till retirement.

A different approach to investing requires you to see many of the same stocks you've formerly bought in a different light.

A safe growth stock

Just because you are closer to retirement doesn't mean you should give up on growth stocks altogether. Many of the more conventional types of growth stocks can give your portfolio a decent boost within a decade. And one example would be **Canadian Pacific Railway** (TSX:CP)(NYSE:CP). With its 10-year CAGR of 21.4%, the stock is reasonably well equipped to triple your capital within a decade.

Even if it performs half as well as it did in the last decade, you can still double your sum in a decade, which can substantially increase the size of your retirement nest egg. The railway is becoming even more prominent through a merger with a U.S.-based railway, which will expand its reach to Mexico.

The stock is currently quite moderately priced, especially considering its massive growth potential. It also pays dividends, but the yield is too low to matter.

A generous dividend stock

When you are choosing dividend stocks in your 50s, look for the ones that offer a decent mix of capital preservation and dividend sustainability. **Enbridge** (TSX:ENB)(NYSE:ENB) is an excellent pick in this regard, *and* it comes with a robust yield, especially for a 27-year-old aristocrat. The energy giant is currently offering a mouthwatering 6.1% yield, and it's likely to keep growing its payout at a steady pace but enough to beat inflation.

As for capital preservation, the company's status as a pipeline giant in North America helps. Its extensive network ensures that that's one of the first picks for energy transportation. Since the revenue generation in this arena is through long-term contracts, the stock doesn't fall as hard as other energy companies when the market is in trouble.

It fell about 39% in the 2020 crash, which may seem quite harsh, but it's significantly better than the energy index's 69% fall. And the stock recovered its pre-pandemic value in less than two years.

A green utility stock

When you are investing in your 50s, you should also look for companies you can potentially keep in your portfolio till your 80s and 90s, like **Algonquin Power and Utilities** (TSX:AQN)(NYSE:AQN). As the name suggests, it handles both ends of the electric utility business: generation and distribution. Its power-generation business leans quite heavily on renewables, making it a desirable long-term holding for a greener future.

Its utility business is quite diverse and caters to over a million customers in the U.S. and Canada. That includes water, gas, and electricity customers.

It has been a powerful growth asset so far and currently has a compelling 10-year CAGR of 16.3%. The company also offers a generous dividend yield of 3.6%.

Foolish takeaway

Retirement is the most common financial goal of most Canadians, and the primary reason why many of them learn to invest in the first place. And in addition to learning what to invest in, it's imperative that you also focus on how and when to invest *and* where to hold your assets.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:CP (Canadian Pacific Railway)
3. NYSE:ENB (Enbridge Inc.)
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