



2 Top Stocks to Add for Passive Income in Retirement

Description

Generating passive income in a portfolio is something many investors are after. Indeed, those heading into retirement or simply looking for stable total returns, have a lot to like from [dividend-generating stocks](#).

Companies like **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) that generate consistent cash flows, while paying out rising dividends over the long term are great options to look at. Here's why I remain bullish on these two great passive-income stocks.

Top passive income stocks: Algonquin Power

A leading North American utilities player, Algonquin Power is a company that's been on my radar for a long time. This utility is among the leaders in "greening its fleet." Currently, Algonquin is in the process of adding 600 MW of wind-generation power to its customers via Regulated Services Group.

A number of recent acquisitions have furthered Algonquin's shift to green energy. Indeed, those with ESG sensitivities may like how Algonquin is positioning itself. This company has focused on its renewables portfolio to an incredible degree. Accordingly, I view Algonquin as a leading utilities company to consider right now.

Over time, Algonquin has consistently grown its dividend. As far as companies returning capital to shareholders go, Algonquin is a top-notch option. Currently, Algonquin pays out a [dividend yield of 4.6%](#). Over time, I expect this yield to grow.

Accordingly, those looking to put fresh capital to work today may want to consider this company.

Fortis

Another leading passive-income stock I think is worth considering is Fortis. Like Algonquin, Fortis operates in the regulated utilities business. This company's core business segments include natural

gas, electricity, and hydroelectricity. In short, Fortis powers and heats a significant portion of North American homes.

Currently, Fortis produces roughly \$7 billion in annual revenue, with a valuation of just under \$23 billion. This company is a growth machine, showing impressive bottom-line growth over the long term. Rising cash flows over time have allowed Fortis to maintain one of the most impressive dividend increase track records in the market.

Indeed, over the past 48 years, Fortis hasn't missed an opportunity to raise its dividend. For investors seeking reliable dividend growth, Fortis is a great option. I expect the company to continue to hike dividends in the mid- to high-single digit range over the long term.

Fortis is certainly valued at a premium compared to its peers. The company's dividend yield of only 3.5% speaks to this. That said, over the long term, I think Fortis stock is one of the best ways to gain passive-income exposure in this market.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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