2 Buy-and-Hold TSX Stocks for Your Retirement Portfolio

Description

Have you ever imagined what your life will look like after, say, 20, 30, or 40 years?

Are you travelling the world with your partner or just chilling at your beach house? Are you spending quality time with your grandkids or trekking in the mountains?

How to save for your retirement

The list could go on and on. But whatever the goal is, each of us wants to retire with enough financial security to live the life we want. And I hate to bring you guys back into reality, but the easier it is to reach your financial freedom, the better clarity you have about your goals and future expenses.

First and foremost, if you spend more than what you earn, you will have a difficult time. However, if you compromise on some lifestyle expenses today and invest that sum wisely and regularly, you will have your dream retirement life.

Among all the investment options Canadians have, equities offer an attractive risk-return potential. And if you think stocks are extremely risky and, thus, only for the riches, that's not the case. Canada has plenty of low-risk stocks that provide can stable returns for years.

Low-risk TSX stocks for your retirement

For example, Consider top utility stock **Fortis** (TSX:FTS)(NYSE:FTS). It is much less volatile than other TSX stocks and pays stable dividends. It has delivered 11% average returns in the last decade and 13% average returns in the last 20 years.

Fortis operates a stable business model and earns predictable cash flows. As a result, it becomes a safer proposition for investors. Fortis has increased its dividend for the last 48 consecutive years. It currently yields 3.5%. So, if you invest $10,000 in FTS stock today, it will pay you $350 in dividends annually.

The dividend amount will keep increasing as the company increases its profits. With stocks like FTS, investors earn stable passive income, and their initial capital keeps growing stably at a lower risk.

Growth stocks are comparatively riskier because of their large stock price swings. When the broad market falls, they see an exaggerated impact due to the risk premium.

However, defensives like telecom giant **BCE** (TSX:BCE)(NYSE:BCE) is less correlated with broader markets. Stocks like BCE often gain when markets fall as investors turn to safe havens.

BCE yields 5% at the moment, which is higher than TSX stocks at large. Telecoms are mature companies and have a reasonable clarity about their future earnings. In addition, BCE looks an attractive bet right now with the 5G revolution underway. With a superior subscriber base and aggressive 5G network expansion, it could see accelerated earnings growth in the next few years. BCE stock returned 12% on average in the last 10 years.

Bottom line

Dividend stocks are generally slow-moving ones and, thus, can be ignored by investors. However, Warren Buffett has built a significant part of his wealth on dividends. So, if you are looking for a longer investment horizon, it's prudent to invest in the above-mentioned stable dividend growers. The low-risk and decent total returns will create a solid reserve for your sunset years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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