



## Retirees: 2 Bank Stocks to Protect Your Nest Egg

### Description

[Rising inflation rates](#) are becoming increasingly problematic for Canadians of all ages. Higher living costs are throwing off financial planning for many Canadian retirees who might not have anticipated such steep inflation.

The Bank of Canada (BoC) has announced a plan to combat inflationary conditions by increasing interest rates. However, the measures might take a long time to effectively cool down inflation rates. There is a significant and realistic risk of inflation reaching 6-8%, and that could cause a lot of pain for Canadian investors.

### Can central banks effectively mitigate inflation?

Inflation rates across the border in the U.S. are already hitting the 8% mark. Canadian inflation could cross the 6% mark before it starts cooling down. Central banks are contemplating adequate measures to bring inflation down to the target range. Unfortunately, inflation has gotten out of hand now.

Increasing interest rates drastically can lead to [bear market](#) conditions and negatively impact employment and the broader economy. It would not be surprising to see the inflationary environment persist for at least another year. On the one hand, economic activity could take a big hit as interest rates rise. On the other hand, rising interest rates could result in more positive cash flows for Canadian banks.

Investing in the Canadian banking sector could provide you with the stability you need to protect your retirement nest egg. Let's take a look at two Canadian bank stocks you could consider adding to your investment portfolio for this purpose.

### Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is a \$92.32 billion market capitalization Canadian bank, and it is the oldest bank in the country. BMO stock is one of the top bank stocks to own for several

reasons. It has been paying shareholder dividends for the last 190 years without interruptions, and it enjoys the reputation of being a Canadian Dividend Aristocrat with a 10-year dividend-growth streak.

The bank has a substantial presence in Canada with over 900 branches. It is the eighth-largest bank in North America, and it has over 12 million customers. Bank of Montreal stock trades for \$143.24 per share at writing, and it boasts a 3.71% dividend yield. It has proven to be a worthy long-term investment, and it is a staple investment for many long-term Canadian investors.

## Royal Bank of Canada

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is the largest Canadian financial institution in market cap. The \$192.82 billion market capitalization bank headquartered in Toronto is also among the largest banks in North America. While **Shopify** briefly displaced it as the top **TSX** stock in market cap, it has firmly re-established itself in that position.

RBC is a massive bank with operations spanning 36 countries worldwide and 17 million customers. The bank enjoys a wide economic moat strengthened by its geographical diversification. Royal Bank of Canada stock trades for \$136.86 per share at writing, and it pays its shareholders at a 3.51% dividend yield.

The bank has increased its shareholder dividends for the last nine consecutive years, and it looks well positioned to continue delivering further dividend hikes in the years to come.

## Foolish takeaway

Exposure to Canadian bank stocks could provide you with a safety net. Even if economic activity slows down, the top Canadian financial institutions are well equipped to [continue delivering shareholder dividends](#).

BMO stock and RBC stock could be viable investments to protect your retirement nest egg, considering their wide economic moats and potentially improved profit margins due to rising interest rates.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BMO (Bank Of Montreal)
4. TSX:RY (Royal Bank of Canada)

## **PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

## **PP NOTIFY USER**

1. adamothonman
2. kduncombe

## **Category**

1. Dividend Stocks
2. Investing

## **Tags**

1. Editor's Choice

## **Date**

2025/07/07

## **Date Created**

2022/04/19

## **Author**

adamothonman

default watermark

default watermark