



Retirees: 3 Dividend Stocks to Buy and Hold

Description

The impact of surging inflation has crept into the stock market. Policymakers, including the Bank of Canada, are bent on cooling down inflation with [multiple interest rate hikes](#) this year. Financial conditions are likely to tighten from here on and dampen investors' sentiment.

Understandably, retirees with investments in dividend stocks are anxious. They need the regular income streams and pensions to cope with rising prices. If you need to rebalance your portfolio, a trio of established income stocks assure uninterrupted dividend payouts. You can buy one or all and hold the stocks forever.

The first dividend payer

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) isn't immune to the current headwinds. However, Canada's oldest bank is perhaps the best anchor stock to own in a tax-advantaged (TFSA) or [tax-sheltered](#) investment account (RRSP).

The \$95.75 billion bank is only Canada's fourth-largest financial institution, yet it's the TSX's dividend pioneer. BMO's dividend track record is seven years shy of 200 years. During the banking sector's dividend bonanza late last year, the big bank stock announced the most significant percentage increase (25%) in dividends.

BMO trades at \$142.61 (+5.69% year to date) and pays a 3.73% dividend. The quarterly dividends should be safe and sustainable, given the very low payout ratio of 34.75%. Growth is likewise on the horizon as the bank awaits [regulatory approval](#) to take over the Bank of the West in the United States.

Robert Armstrong, the director of Multi-Asset Solutions at BMO Global Asset Management, suggested to Canadians they make important investments into their retirement plans. He said retirement planning and RRSP contributions should remain a priority. He encouraged users to continue maximizing the full benefits before the annual RRSP contribution deadline.

Top commodity stock

Energy and mining stocks are the ideal hedges against rising inflation. **Imperial Oil** ([TSX:IMO](#)) (NYSE:IMO) is one of the top commodity stocks to own today. The \$41.04 billion integrated oil & gas company is a subsidiary of American oil giant **ExxonMobil**. At \$61.34 per share, the trailing one-year price return is 97.94%. Also, current investors enjoy a 35.27% year-to-date gain on top of the 2.22% dividend.

Imperial Oil will report its Q1 2022 earnings results later this week, although the strong operational and financial results in 2021 are compelling reasons to own the energy stock this instant. The annual upstream production was the company's highest in 30 years.

From a \$1.85 billion net loss in 2020, Imperial Oil made an incredible turnaround in 2021, with net income topping \$2.47 billion. Note that this energy stock's dividend track record is more than 140 years, and it has raised its dividend for 27 consecutive years.

Safety net

Canadian Utilities ([TSX:CU](#)) is the TSX's only Dividend King so far. Its 1% dividend hike announced on January 13, 2022, marks 50 consecutive years of dividend increases. If you invest today (\$39.40 per share), the dividend offer is 4.51%. Don't expect much on capital gains, but the dividend payments should be rock steady.

The \$10.61 billion company is no hard sell because cash flows are stable. Canadian Utilities invests its capital budget mostly in regulated utilities (75%), while the rest goes to energy infrastructure.

Calm your fears

The three stocks in focus will not only provide regular income streams but also calm retirees' fears during inflationary periods.

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2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BMO (Bank Of Montreal)
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