



Retirees: Buy These 2 Stocks for Steady Dividend Income

Description

Dividends are nice to have, even for [Canadian retirees](#) receiving the Old Age Security (OAS) and Canada Pension Plan (CPP) benefits. Both pensions are for life but not necessarily enough, especially if inflation is rising at a rapid pace like today. Besides boosting the OAS and CPP, any additional income should help retirees cope with soaring costs of living.

Given the current supply chain disruptions and geopolitical tensions, a recession is around the corner. Jeff Rubin, the chief economist at **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) Markets, said that in the last 50 years, runaway inflation has always led and ended in significant recessions.

Because of this frightening truth, retirees should consider using their [cash savings](#), or a portion of it, to purchase dividend stocks. CIBC and an energy major like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) can provide retirees with a steady dividend income regardless of economic environment.

The pair of blue-chip assets would be enough to serve as the third pillars in retirement. Moreover, they aren't dividend traps like other companies that resort to dividend cuts when the going gets tough.

Premier income stock

Many market analysts say there hasn't been a poor time to invest in the Big Five banks in Canada, including CIBC. The country's fifth-largest lender is a premier income stock for its 154-year dividend track record. At \$141.84 per share, the \$64 billion bank pays a 4.53% dividend — the second-highest dividend in the banking sector.

CIBC reported stellar earnings in fiscal 2021, although earnings growth in fiscal 2022 could be much lower due to the massive headwinds. In the year ended October 31, 2021, net income grew 42% versus fiscal 2020. However, the quarter ended January 31, 2021, net income increased by 15% compared to Q1 fiscal 2021.

Nevertheless, the dividends should be safe, as the bank has maintained the average payout ratio

below 50% over the last five years. This historical data shows that CIBC is among the reliable dividend stocks that retirees can own today.

Inflation-beating asset

Enbridge is certainly an inflation-beating stock in 2022. This top-tier energy stock pays a generous 6.14% dividend. The current share price of \$55.92 (+14.95% year-to-date) is worth it if the purpose is to boost household income or [build retirement wealth](#).

Besides the high yield, retirees and would-be investors can expect growing dividends from this \$113.27 billion energy infrastructure company. Enbridge operates like a utility company within the often volatile energy sector. The 27 straight years of dividend increases have bolstered shareholder returns.

Enbridge operates four blue-chip franchises that collectively delivers predictable cash flows. More importantly, about 80% of its EBITDA have built-in inflation protectors. Each of the core business segments have visible organic growth opportunities. Management expects the business to grow between 5% to 7% through 2024.

The \$5.81 billion earnings attributable to common shareholders last year represent a 95% increase versus 2020. Enbridge president and CEO Al Monaco said, "2021 was a pivotal year for Enbridge." Apart from the strong operating and financial performance, management advanced its strategic priorities and strengthened the competitive positioning of Enbridge's conventional and low-carbon businesses.

Avoid financial dislocation

Retirees can avoid financial dislocation by holding dividend-paying, blue-chip stocks. The payouts from CIBC and Enbridge also helps reduce the volatility of their total returns.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)

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. cliew
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/07/03

Date Created

2022/05/05

Author

cliew

default watermark

default watermark