



Retirees: 2 Stocks to Consider for Total Returns

Description

Those nearing or in retirement certainly have a lot to consider. Rising interest rates mean higher inflation on goods and services. Accordingly, keeping up with inflation has become an even more important goal of retirees.

However, bond yields are still a long ways off from matching inflation. And growth stocks are still overvalued, continuing to drop in the face of higher interest rates.

So, where should retirees invest?

Well, there are some high-quality, blue-chip stocks with income and growth potential I think are worth looking at right now. Among my two top picks are **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)).

Let's dive in.

Top stocks for retirees: TD Bank

TD is one of the largest banks in Canada, with a significant presence in Canada and the United States. In fact, compared to its peers, TD has among the strongest U.S. exposure — something that Canadian investors have benefited from for some time. This is via a robust retail network as well as the company's 42% interest in the TD Ameritrade brokerage.

Overall, TD's business model is easy to understand. As the economy grows, lending growth will continue to take off. Rising inflation increases borrowing needs and can be viewed as a positive.

Now, borrowing may slow as the economy slows. This is a risk. However, as interest rates rise and the yield curve steepens, TD's profit margins should increase. This means more in the way of buybacks and dividend increases could be coming.

TD's current [dividend yield](#) of 3.8% and long-term, double-digit returns for investors becomes even

more attractive in this difficult environment. Accordingly, for retirees looking for a safe place to grow long term, this is a great option to consider right now.

Algonquin Power

Algonquin Power is a diversified international utility with high-quality distribution, generation, and transmission assets worth \$16 billion. The company owns energy and water utilities and power generation facilities primarily in North America. This diversifies the company's cash flows and provides incredible stability in times like these.

When economic activity slows, most companies experience a slowdown. However, for utilities such as Algonquin, this really isn't the case. Folks can't turn off their heat, air conditioning, or water. These are factors that tend to make this company a more stable long-term total return play retirees like.

With a dividend yield of 4.8%, AQN stock has some inflation-fighting attributes retirees may like. And, unlike bonds, I think this stock has some growth potential, despite the rather grim outlook.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:TD (The Toronto-Dominion Bank)

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