Retirees: 2 Top Stocks that Shouldn't Be Avoided Right Now

Description

Post-retirement life requires suitable planning to lead a comfortable life without financial worries. One of the best ways to plan for retirement is to save money. However, given the rising inflation, savings alone might not be enough to build substantial funds.

One can invest in stocks that provide high dividend income to multiply to multiply the savings. Investment in high dividend-paying stocks eliminates or reduces the possibility of selling stocks to generate income, which can benefit investors in many ways, including less capital gains taxes paid.

Here are two top stocks that retirees may want to opt for in this regard.

Top stocks to buy: Toronto-Dominion Bank

The fifth-largest bank in North America in terms of total assets, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is one of the top picks I think any investor may want to consider. For retirees, this investment thesis is even more robust, given the stable total returns this stock has provided over time.

These returns have been driven by TD's solid operations. Notably, around 90% of TD Bank's earnings come through its retail banking division. That said, the company is well diversified, with operations spanning multiple revenue streams. TD offers banking products and services to a wide range of businesses, serving around 25 million customers globally.

Additionally, TD stock is one of the largest blue-chip Dividend Aristocrats on the TSX. This stock currently yields an impressive 3.8%, with a price-earnings ratio around 11. Thus, there's some real value to this high-dividend stock right now.

Fortis

Another Dividend Aristocrat I've been pounding the table on for some time is **Fortis** (TSX:FTS)(NYSE:FTS). That's because Fortis is one of the leading North American utilities companies out there.

With a business model focused on the transmission and distribution of natural gas and electricity, Fortis's cash flows are extremely stable. Additionally, the company has shown a solid operational strategy and has been investing in clean energy lately.

The predictable nature of Fortis's cash flows significantly reduces this company's risk. For retirees looking for income, Fortis has also been one of the best stocks to consider over time. That's not only a result of the company's attractive currently yield around 3.4%. Rather, this company has been raising its dividend each and every year for nearly five decades.

Indeed, dividend growth can often matter more than the dividend yield itself. Those looking for dividend income that can match inflation in retirement may want to look at the dividend-growth rate of their investments first. In this high-inflation environment, this is a more important factor than ever to think about.

Overall, both Fortis and TD are two companies I think position retirees well for the next decade or two. These are stocks that could be core holdings for any investor.

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3. TSX:FTS (Fortis Inc.)
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