



Generate a Stable Retirement Income

Description

Generating a stable retirement income is the goal of every investor. That goal can be hard for some, as finding those perfect investments to generate income can be daunting for [new investors](#). Fortunately, you don't need a mountain of cash to start with.

Here's one stellar stock to start with that should be a core holding in your portfolio.

Why you need something defensive in your portfolio

There are plenty of great stocks on the market that can cater to investor growth or income needs. Few can provide for both, and fewer still can do so while boasting a massive defensive moat.

That defensive appeal is something that is often overlooked by investors, particularly those that are newer to investing. This is where the appeal of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) comes into play.

Fortis is a utility, and it generates revenue by generating and then distributing power and gas. The sheer necessity of electricity and gas to our society makes Fortis a great defensive stock. The fact that Fortis's business is backed by long-term regulatory contracts that span decades elevates that appeal even further.

Oh, and let's not forget that Fortis is huge. The company boasts 10 different utility operations that are located across Canada, the U.S., and the Caribbean. Collectively, they account for \$58 billion in assets and over 3.4 million utility customers.

The regulated nature of its business means that Fortis generates a reliable revenue stream. It also means that Fortis can invest in various growth initiatives. Fortis has historically taken an aggressive stance on expansion, seeking out acquisition targets that offer exposure to new markets or that are complementary to its existing operations.

Recently, that growth has shifted internally to upgrading existing facilities and transitioning others towards renewables. Those efforts will help to solidify Fortis's already impressive moat. Overall, the

company has earmarked a goal of achieving a 75% reduction in greenhouse gases by 2035.

Why settle for growth or income when you can attain both?

Fortis is a great stock for any growth-seeking investor. In fact, the company handily dispels the often-mentioned criticisms of utility stocks, such as they lack any real incentive for growth.

But Fortis is also a great income stock, which is key to generating a stable retirement income.

Fortis currently offers investors a quarterly dividend, which carries a yield of 3.37%. To put those earnings into context, a \$35,000 investment will earn a first-year income of nearly \$1,180. Keep in mind that investors not ready to draw on that income are better served by reinvesting it until needed. This will also allow the investment to continue growing on autopilot.

Another factor to consider is Fortis's annual dividend hike. Fortis has established a precedent of providing investors with annual handsome upticks to that dividend. In fact, Fortis has continued that process for over 48 years without fail and has planned to continue that practice.

In other words, buying Fortis today could seriously help generate a stable retirement income stream.

Final thoughts

No investment is without risk, and that includes Fortis. Fortunately, utilities are excellent investments, even during times of volatility.

In my opinion, Fortis is a great investment to generate a stable retirement income that should be a core holding in any well-diversified portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis 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. dafxentiou
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/07/19

Date Created

2022/05/18

Author

dafxentiou

default watermark

default watermark