



Retirees: 2 Safe Stocks With +5% Dividends

Description

Many Canadians feel they are behind in their [retirement goals](#). The COVID-19 pandemic in 2020 and runaway inflation in 2022 have altered financial plans of soon-to-be retirees. Outliving retirement savings is a major concern, especially for those who didn't plan ahead.

Financial planners estimate that you would need around 70% of the average pre-retirement income to fund one sunset year. The Canada Pension Plan (CPP) replaces only 25%, while the Old Age Security (OAS) boost the replacement level by 20%. Even with the combined pensions, there's an income gap of at least 25% you must fill to live comfortably in retirement.

One strategy to bump up retirement income is dividend investing. Your capital remains intact while collecting recurring income streams. Among the safe options for retirees are **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). The payouts should be rock steady, regardless of the market environment.

Sample computation

For conservative purposes, let's add the average CPP of \$799.32 (as of October 2021) to the maximum OAS of \$642.25 (beginning July 2022) to estimate your lifetime incomes. If the CPP represents 25% of the average pre-retirement income, then \$3,117.28 per month is 100%.

When you combine the CPP and OAS (\$1,421.57), the replacement level goes up to 45%. Thus, you'd need a third income source that can produce an amount equivalent to the CPP to make 70%. Since the average dividend yield of Manulife and BCE is 5.25%, you can own \$91,350 worth of shares each to create \$799.32 in monthly passive income.

Retirement champion

Manulife Financial, a household name in life insurance globally, has a dividend-growth streak of eight years. Currently, the stock trades at \$23.16 per share and pays a 5.70% dividend. In Q1 2022, the

\$44.57 billion insurer and financial services company reported a 275%, or \$2.2 billion, increase in net income, despite the 4% drop in core earnings versus Q1 2021.

Roy Gori, Manulife's president & CEO, said, "Our diversified footprint, operational resilience, and proven digital capabilities enabled us to deliver solid results in the first quarter, despite a challenging operating environment caused by the resurgence of COVID-19 and global market volatility."

Manulife Investment Management supports more than 250,000 retirement plans and commits to retirement on a global scale. It has a diverse market footprint, owing to the strong presence in Canada, Asia, and in U.S. (John Hancock). The retirement assets under management and administration are more than \$330 billion.

Healthy cash flows

BCE needs no introduction or hard sell, because everyone knows that telecommunications' products and services are essential to individuals and businesses alike. The \$62.75 billion telco and media company dominate in Canada's telecom services industry. At \$68.82 per share, the corresponding dividend yield is a hefty 5.35%.

The dividend heavyweight generates billions of dollars in revenue and profits every year. In Q1 2022, net earnings climbed 36% to \$934 million compared to Q1 2021. According to Glen LeBlanc, CFO of BCE and Bell Canada, the company can execute on its strategic priorities in 2022 because of healthy cash flows and substantial liquidity.

Live well

Achieving retirement goals start with smart planning. Canadians can live well and comfortably in throughout the sunset years by accumulating shares of safe dividend stocks like Manulife and BCE today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BCE (BCE Inc.)
4. TSX:MFC (Manulife Financial Corporation)

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