Retirees: Boost Your Passive Income With These 3 High-Yielding Dividend Stocks

Description

Investing in dividend stocks is a convenient and cost-effective means to earn passive income. However, investors should be careful when choosing stocks to invest in, as the stock market could be volatile. Given their lower-risk-taking abilities, retirees should invest in companies with conservative business models and generate stable cash flows. Meanwhile, here are three safe stocks that retirees can bet on to earn a steady passive income.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB), which has been raising its dividend for the previous 27 consecutive years at a CAGR of over 10%, is my first pick. It operates around 40 revenue-generating assets, with 98% of its adjusted EBITDA generated from regulated assets or long-term contracts. The company can easily pass on the increased expenses to its customers, as about 80% of its EBITDA is inflation indexed.

The rise in energy demand could drive the throughput of its liquid pipeline segment, thus driving its financials. The company is continuing with its $10 billion secured growth program, with the management expecting to put $4 billion of projects into service this year. With its liquidity standing at $5.3 billion at the end of the first quarter, I believe Enbridge's dividend is safe. The company currently pays a quarterly dividend of $0.86/share, with its forward yield at 6.33%.

So, given its impressive track record of dividend growth, stable cash flows, and strong liquidity, Enbridge is an ideal stock for retirees.

BCE

Second on my list is **BCE** (TSX:BCE)(NYSE:BCE). Telecommunication companies earn substantial revenue from recurring sources, thus delivering stable and predictable cash flows. Meanwhile, with the digitization and growth in remote working and learning, the demand for fast and reliable internet service is rising, expanding the addressable market for the company.

Amid rising demand, BCE is focusing on strengthening its 5G and broadband infrastructure and has accelerated its capital investment. With these investments, the company hopes to expand its 5G service to cover 80% of the Canadian population this year while adding 900,000 new broadband locations. Easing pandemic-related restrictions could boost its revenue from roaming and Bell Media segment. So, I believe BCE is well positioned to continue paying its dividend at a healthy rate.

In February, BCE increased its quarterly dividend by 5.1% to $0.92/share, marking the 14th consecutive year of above 5% dividend hike. Meanwhile, its forward yield currently stands at a juicy 5.81%.

Pembina Pipeline

My final pick is **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). It is primarily involved with oil and natural gas transportation in Western Canada. Supported by its fee-for-service, take-or-pay, and cost-of-service contracts, the company's cash flows are stable and reliable, thus allowing it to raise its dividend at a CAGR of 5% over the last decade. With a monthly dividend of $0.21/share, its forward yield currently stands at 5.51%.

After reporting a solid first-quarter performance, the company has raised its EBITDA guidance for 2022. In March, it announced to form a joint venture with KKR by merging their Western Canadian natural gas processing operations. The company hopes to complete the transaction by the third quarter. Meanwhile, the transaction could deliver substantial cost savings for the company while enhancing customer service. Pembina Pipeline's financial position also looks healthy, with its liquidity at $2.7 billion at the end of the first quarter. So, I believe the company is well positioned to continue paying its dividend at a healthy rate.

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Date
2025/08/18
Date Created
2022/07/05
Author
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