Got $5,000? Buy These 2 Stocks and Hold Until Retirement

Description

During retirement, I think it's imperative that investors hold stocks that can generate a solid source of passive income. This will allow you to live a comfortable life after you've stopped working. However, in the years leading to retirement, investors should look for stocks that can generate growth. This allows investors to build a solid portfolio that they can use to withdraw funds out of over time.

Fortunately, there are stocks that could provide this combination of a safe dividend and solid growth. In this article, I'll discuss why investors should buy and hold **Telus** (TSX:T)(NYSE:TU) and **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) stock until retirement.

Why you should buy Telus

If you've spent any considerable time in Canada, you'll know that Telus is one of the three large Canadian telecom providers. Alongside **BCE**, it operates the largest telecom network in the country. Its network covers 99% of the Canadian population. In 2021, the company reported having 9.3 million mobile phone subscribers, 2.3 million internet subscribers, and 1.3 million television subscribers.

Despite having such a formidable role in the Canadian telecom industry, Telus's business has an even more attract aspect to it. In recent years, the company has risen to become a major player in the global healthcare space. It provides many services to healthcare professionals and a telehealth solution that can be used to access medical professionals from the comfort of one's own home. The company estimates that its healthcare services cover 20.7 million lives.

Telus also shines from a dividend point of view. It has managed to increase its distribution in each of the past 17 years. Last year, the company raised its dividend distribution by 7.3%. If Telus can continue growing its dividend at that rate, investors should be able to keep ahead of inflation over time. Investors should keep an eye on Telus's dividend-payout ratio. The company tries to maintain a ratio of 60-75% of its free cash flow. Although it hasn't been a problem for a long time, that is a much higher ratio than some investors may be comfortable with.

The case for Bank of Nova Scotia

Canadians should be familiar with Bank of Nova Scotia. It is one of the Big Five, a group of leading companies within the Canadian banking industry. As of this writing, it is the third-largest Canadian bank in terms of assets under management, revenue, and market cap.

What makes Bank of Nova Scotia attractive is its focus on its international presence. In 2021, nearly a third of its earnings came from sources outside Canada. Bank of Nova Scotia is also well positioned for further international growth. It has established itself as a major player within the Pacific Alliance. This is a region which includes the countries of Chile, Columbia, Mexico, and Peru. It’s forecasted that this region could see faster economic growth than Canada and the United States over the coming years.

Like Telus, Bank of Nova Scotia is an excellent dividend stock. It has managed to pay shareholders a dividend in each of the past 189 years. Today, Bank of Nova Scotia offers investors a forward dividend yield of 5.32%. This provides investors with the opportunity to get a lot of value for each dollar invested in the company.

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Date
2025/08/23
Date Created
2022/08/04
Author
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