



3 Ideal Dividend Stocks for Your Retirement Portfolio

Description

With no paycheques, retirees must find a secondary source of income to meet their needs. Meanwhile, investing in [dividend stocks](#) with a solid track record and strong balance sheets is an excellent means to earn a passive income. These stocks are less volatile due to their regular payouts and eliminate the need to sell shares to generate cash flows. Instead of worrying about price movements, retirees can enjoy a reliable and stable income. So, if you are looking for [low-volatility](#) dividend stocks to invest in, here are my three top picks.

Algonquin Power & Utilities

Supported by its low-risk utility assets and regulated renewable power-generating facilities, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has been raising its dividend for the last 12 years at a CAGR (compounded annual growth rate) of over 10%. With a quarterly dividend of US\$0.1808/share, its yield for the next 12 months stands at a healthy 5%.

It owns and operates a portfolio of 43 renewable power-producing facilities with a combined capacity of 2.5 gigawatts. The company sells 82% of the power produced from these facilities from long-term PPA (power-purchase agreements), shielding its financials from price and volume fluctuations and delivering stable cash flows.

Meanwhile, Algonquin Power & Utilities plans to expand its asset base and make strategic acquisitions to drive growth. So, it expects to invest around US\$12.4 billion over the next five years, expanding its rate base at a CAGR of 14.6%. Amid these investments, the company's adjusted EPS could grow at a CAGR of 7-9%, thus allowing it to maintain its dividend growth.

Bank of Nova Scotia

Another Canadian stock with a solid record of paying dividends is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). It has been paying dividends uninterrupted since 1833. Given its exposure to high-growth markets, the company's long-term growth potential looks healthy. Its diversified operations with

multiple business segments deliver stable and reliable cash flows, allowing it to pay a dividend at a healthier rate. With a quarterly dividend of \$1.03/share, the company's yield for the next 12 months stands at 5%.

Central banks worldwide have raised their benchmark interest rates amid the inflationary environment. Higher interest rates could broaden the spread between the deposit and lending rates, thus expanding the company's margins. Credit growth and falling provisions for bad loans could drive its growth in the coming quarters.

Despite its healthy growth prospects and high dividend yield, Bank of Nova Scotia trades at an attractive NTM (next-12 month) [price-to-earnings multiple](#) of 9.6, making it an attractive buy.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company that meets the electricity and natural gas requirements of 3.4 million customers across North America. With 99% of its assets operating on long-term contracts, it generates stable cash flows even during a challenging environment, thus making its payout safe. Notably, the company has raised its dividend for the last 48 consecutive years, with its yield for the next 12 months standing at 3.56%. Its average annual total shareholder return for the previous 20 years stands at 13%, which is encouraging.

Meanwhile, Fortis is progressing with its \$20 billion capital investment program, which could grow its low-risk rate base at a CAGR of around 6% through 2026. The rate base growth could drive its cash flows in the coming years. Amid these growth prospects, the company's management expects to raise its dividend at a CAGR of 6% through 2025. So, considering all these factors, I believe Fortis is an excellent addition to your retirement portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred

6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. rnanjapla

Category

1. Dividend Stocks
2. Investing

Date

2025/08/16

Date Created

2022/08/19

Author

rnanjapla

default watermark

default watermark