Canadians: 3 Easy Stocks to Invest for Retirement

Description

If you're investing for your retirement, chances are, you've heard about dividend stocks. Perhaps you own some already, either directly or through index funds. Dividend stocks are very popular with retirees, because they transfer some of their profits to their shareholders. Unlike with stocks, that don't pay dividends, dividend stocks let you profit without selling. So, you can live off of them without drawing down your savings.

In this article, I will explore three dividend stocks that can help you invest for retirement.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a Canadian utility company that specializes in renewable energy. "Utility" refers to the sector that produces things like electricity and tap water. These companies are heavily regulated by the government, which makes the industry very hard to enter. That tends to result in utility companies being monopolies or near monopolies. All utility companies enjoy this benefit, but AQN has an extra advantage: it's focused on wind and solar power.

Wind and solar power are renewable energy sources that governments are trying to encourage in order to fight climate change. Whereas coal-based utilities are vulnerable to carbon taxes or even being phased out entirely, renewable utilities often enjoy special help from the government (e.g., subsidies). As a result, they have a big advantage when it comes to long term growth. AQN lets you get a piece of this government-approved revenue, with a 5.6% dividend yield.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a Canadian bank stock that has a 4.15% yield. It has paid a dividend for more than 100 consecutive years! Not many companies can boast that kind of dividend track record, but it's not hard to see how Royal Bank pulled it off. Canada's banking sector is heavily regulated, which leaves little room for small upstarts to enter the industry. The result is a very stable industry that deliveries "slow and steady growth."

That's not to say that Canada's banks are necessarily "slow-moving" companies. Over the last half-decade, Royal Bank has grown its earnings per share (EPS) by 8.4% per year, which is faster than the inflation rate. So, when you buy Royal Bank of Canada at a fair price, you're buying a company that has given investors positive real returns.

Apple

Apple (NASDAQ:AAPL) is one of the world's most proven, entrenched, and profitable technology companies. The company has over 1.5 billion people using its hardware worldwide, and it's always adding more. Apple's revenue only grew at 2% in the last quarter, but it could ramp up in the future. The iPhone is gaining in popularity. Recent studies showed that 87% of Gen Z members had an iPhone, 88% wanted one for their next phone, and that 50% of China's high-end smartphone market was made up of iPhones.

Today, Apple's dividend yield is only 0.61%. That might seem low, but remember that this company has been raising its dividend by about 8.5% per year on average. If you buy today, your "yield on cost" (dividends divided by purchase price) could rise.

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2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:RY (Royal Bank of Canada)

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