These 2 Canadian Dividend Stocks Are a Retiree's Best Friend

Description

Dividends can be a good way to enhance your income after retirement. Though the volatility associated with stocks could keep you from investing, a few dividend-paying companies are well known for their reliable dividend payments, irrespective of market conditions. Retirees can expect these companies to pay uninterrupted dividends and grow their payouts in the coming years. That said, here are two dividend stocks that retirees can easily rely upon.

I have picked out stocks with solid dividend payments and growth histories. Further, these companies have well-established businesses, generate stable cash flows, and can grow earnings at a decent pace.

Enbridge

Speaking of top dividend stocks for retirees, **Enbridge** (TSX:ENB) is a must-have in an income portfolio. The company operates an energy infrastructure business with 40 diverse cash streams to support its growth and dividend payments.

Thanks to its resilient business, its EBITDA (earnings before interest, taxes, depreciation, and amortization) has grown at a CAGR (compound annual growth rate) of 14% since 2008. During the same time, Enbridge grew its dividend at an average annualized rate of 13%.

Overall, it has been paying dividend for more than 67 years. Further, it has increased its dividend for 27 consecutive years with no interruptions.

Enbridge's mix of conventional and renewable assets positions it well to capitalize on the energy demand. Further, its multi-billion secured capital projects will likely support its growth. Further, revenue inflators and productivity savings will support its earnings and payouts.

It’s worth highlighting that about 80% of Enbridge’s EBITDA has inflation protection. Meanwhile, the company forecasts 5-7% growth in its distributable cash flow per share through 2023, implying its dividend will likely grow at a mid-single-digit rate in the coming years.

It pays a quarterly dividend of $0.86 a share, translating into a high yield of 6.4%. Further, its payout ratio of 60-70% of the distributable cash flows is sustainable in the long term.

Fortis

Fortis (TSX:FTS) is one of the safest stocks for retirees to boost their income, and there are good reasons for that. Its business exhibits low risk and generates predictable earnings that support its dividend payments. For instance, it operates 10 regulated utility businesses that account for 99% of its earnings, implying its payouts are well protected. Further, a continued rate base growth supports its earnings and drives higher payouts.

Fortis has hiked its dividend for 48 consecutive years. Meanwhile, it targets dividend growth of about 6% per annum through 2025.

Fortis projects its rate base to grow at a CAGR of 6% through 2026 and reach $41.6 billion. Its $20 billion capital plan will help expand its rate base and earnings. Further, its focus on building more renewable power-generation capacity bodes well for growth.

Fortis pays a quarterly dividend of $0.565 per share and offers a yield of 4.2%.

Bottom line

Both these companies are Dividend Aristocrats and have increased their dividends amid all market conditions. While their base business remains strong, acquisitions and energy transition opportunities bode well for their future growth and dividend payments.

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