Retirees: 3 Canadian Stocks You Can Confidently Own for the Next 20 Years

Description

Canadians entering retirement age may still have plenty more years to remain invested in the stock market. The average life expectancy in Canada for an infant born today is 81.75 years, according to Statistics Canada. The average retirement age in Canada rose from 62.4 years in 2011 to 64.4 in 2021. Although workers are staying longer in employment than they did a decade ago, they are living longer too. A 64-year-old Canadian today may expect to live for another 21.72 years, up from 21.36 years back in 2011.

Thus, a Canadian retiree living in Canada may easily live for more than 20 years off retirement savings, receiving pension payouts and withdrawing from investment portfolio(s). For someone retiring in good health, 100 could come up. There's a real possibility of outliving one's portfolio. For certain, careful retirement planning is important.

Therefore, some capital growth may still be required in a retirement portfolio.

Well-established dividend-paying stocks are usually a good source of stable growth and recurring passive income. Retirees could confidently buy and hold TSX dividend growth stocks including Royal Bank of Canada (TSX:RY) stock, Fortis Inc. (TSX:FTS) shares, and **CT Real Estate Investment Trust** (TSX:CRT.UN) units over the next 20 years and expect to receive growing dividend income, and enjoy some capital growth, too.

Why buy Royal Bank of Canada (RBC) stock?

The Royal Bank of Canada is Canada's largest local chartered bank with a staggering $184 billion market capitalization. Rising interest rates improve the bank's interest spreads while economic growth in the bank's target markets supports organic revenue and earnings growth. I like RBC stock for its accretive acquisitions, too.

RBC announced a $13.5 billion acquisition of HSBC Canada on Tuesday, which may grow Royal Bank's asset base by $134 billion and increase the bank's consensus earnings per share outlook for 2024 by more than 6%. The acquisition may close in late 2023. RY will have a higher asset base from which to harvest income and sustain dividend growth.

The bank has paid dividends since 1870. Investors in RBC stock have enjoyed 11 years of dividend growth so far. The current quarterly dividend yields 3.8%.

Investors with a long-term focus may buy and hold RY stock over the next 20 years with confidence that the financial giant will remain committed to its regular dividend growth policy, keep perfecting its art of accretive acquisitions, and profitably serve a growing client base.

$10,000 invested in RBC stock 20 years ago could have grown to more than $96,600 today, with consistent dividend reinvesting.

Fortis Inc.

Fortis is a $25.7 billion North American-regulated gas and electric utility industry. Utilities remain a reliable source of regulated cash flows and growing passive income. FTS stock is a utility stock to buy and hold for long-term growth and growing passive income.

The utility's 49-year dividend growth streak remained intact through the past five recessions – a reputation that may remain intact through near-term economic downturns. The company's strong balance sheet may sustain it through high inflation and soaring interest rate regimes. Meanwhile, its $22.5 billion five-year capital plan, which is largely funded from internal cash flows, helps grow its rate base and distributable cash flows.

Fortis stock's current quarterly dividend yields a respectable 4.2% annually. Management has committed to a 4%–6% annual dividend growth rate through 2027. Given a clean track record, investors may expect the company to follow through with its dividend growth guidance.

$10,000 invested in Fortis stock 20 years ago, with dividendd reinvested, could have grown nearly nine-fold to about $90,000 today.

CT Real Estate Investment Trust (CT REIT)

CT REIT, the landlord to **Canadian Tire Corp** (TSX:CTC.A), is a real estate stock to confidently buy and hold for the next 20 years of organic cash flow growth. Additionally, CTC.A has a well-covered and increasing 5.6% distribution yield.

The trust's high-traffic, fully occupied, premium-quality real estate portfolio has supported nearly 10 consecutive years of growing income distributions. It will most likely remain a reliable source of recurring, bond-like contracted rental cash flows.

Most noteworthy, real estate investment trusts (REITs) are the best highly liquid, low-cost, low-risk, and high-yielding way to invest in diversified real estate assets.

CT REIT is reliant mostly on internal cash flows to fund its sustainable and accretive growth plans. It has a low debt ratio and most of its debt is fixed rate to dampen any negative impacts from interest rate increases on earnings and cash flows. Units may revalue higher as the trust continues to distribute growing passive income to investors.

CATEGORY

1. Investing

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1. TSX:CRT.UN (CT Real Estate Investment Trust)
2. TSX:FTS (Fortis Inc.)
3. TSX:RY (Royal Bank of Canada)

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