Nearing Retirement? The 3 Best Dividend Stocks to Buy Now

Description

Investors nearing retirement should look to build a solid portfolio with quality dividend stocks that can deliver stable passive income during their retirement. Meanwhile, the following three stocks could be ideal for your dividend portfolio due to their solid business models, stable cash flows, and excellent track records.

Enbridge

Enbridge (TSX:ENB) is a Canadian midstream energy company that operates over 40 diverse revenue-generating assets, with around 98% of its cash flows protected by cost-of-service or long-term contracts. Supported by its diversified, contracted asset base, the company has been growing its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) at an annualized rate of 14% since 2008. These stable financials have allowed the company to raise its dividends at a CAGR (compound annual growth rate) of 13% for the last 14 years. Meanwhile, its yield currently stands at a juicy 6.42%.

Enbridge announced last month that it had secured $8 billion of new capital projects, thus increasing its capital backlog to $17 billion. The acquisition of Tri Global Energy for US$270 million could further enhance its presence in the renewable energy space. Amid these growth initiatives, the company's management expects its adjusted EBITDA to grow around 6% in 2023 compared to the mid-point of its 2022 guidance. So, I believe the company is well equipped to maintain its dividend growth. Also, the company trades at an attractive NTM (next 12-month) price-to-earnings multiple of 17.8, making it an attractive buy.

BCE

Due to their recurring revenue sources, telecom companies enjoy higher cash flows, thus allowing them to pay dividends at a healthier rate. So, I have chosen **BCE** (TSX:BCE), one of Canada's top telecom players, as my second pick. It has raised its dividend by over 5% yearly for the last 14 years. With a quarterly dividend of $0.92/share, the company's yield for the next 12 months stands at an attractive 5.78%.

Meanwhile, telecommunication services are becoming critical in this digitally connected world, thus driving their demand. Meanwhile, BCE is investing aggressively to expand its 5G and broadband infrastructure to meet the growing demand. The company is expanding its 5G+ services across the country. The management expects to cover 40% of the Canadian population by the end of 2022.

The company offers its high-speed broadband service, Bell Fibe Gigabit 8.0, in Ontario and Québec. The company is working on closing the acquisition of Distributel to expand the service across the country. So, given its growth initiatives, rising demand, and healthy cash flows, I believe BCE's payout is safe.

Fortis

My final pick is **Fortis** (TSX:FTS), which operates 10 regulated utility businesses and serves around 3.4 million customers. Supported by these low-risk businesses, the company produces stable and predictable cash flows, thus allowing it to increase its dividends for 49 consecutive years. Meanwhile, it pays a quarterly dividend of $0.565/share, with its forward yield currently at 4.15%.

Fortis has announced a new $22.3 billion capital expenditure plan, which could grow its rate base at a CAGR of 6.2% through 2027. The company has committed $5.9 billion of these investments to cleaner energy. These investments could boost the company's financials in the coming years. So, Fortis's management is confident of raising its dividends at an annualized rate of 4-7% over the next five years. The company's valuation looks attractive, with its NTM price-to-earnings multiple standing at 18.2.

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