3 Unstoppable Dividend Stocks for Canadian Retirees

Description

One of the top priorities of Canadian retirees is income. Interest rates on guaranteed investment certificates (GICs) have clearly improved with one-year GICs now offering yields of about 5%. Though it may still not be enough for retired Canadians. So, let's start off with a high-income dividend stock idea – **Sienna Senior Living** (TSX:SIA) – that can increase your income.

A high-income dividend stock

Sienna Senior Living owns and operates senior residences primarily in Ontario and British Columbia, including independent living, assisted living, and long-term care. Its long-term care residences often have government-subsidized options, which should result in more secured cash flows than private-pay peers.

Its current portfolio consists of 42 long-term care communities with 6,632 beds, 38 retirement residences with 4,389 suites, and 13 managed residences with 1,461 beds or suites.

The aging population is growing as Canadians' life expectancy is increasing. According to the compelling demographics of the 2021 census, the 85-plus age group is expected to triple in Canada in the next 25 years. Meanwhile, construction starts have declined from 5.5% to 2.8% between 2017 and 2021. Higher demand and lower new supply should be a tailwind for Sienna.

Sienna's retirement occupancy has rebounded from the impacts of the COVID-19 pandemic. In fact, it has a higher occupancy of about 88.6% than the pre-pandemic levels.

The stock has experienced a sell-off this year partly due to higher operating costs, such as labour costs from inflationary pressures. At $10.95 per share, the big-dividend stock yields north of 8.5%. Analysts believe there's a margin of safety for the stock. Eight analysts have a 12-month consensus price target of $14.50, which suggests the potential for 32% price gains over the near term while pocketing an attractive monthly dividend.

Scotia Capital analyst, Himanshu Gupta, estimates Sienna's payout ratio will be about 94% this year. If you want a more secure dividend, you should look to **Royal Bank of Canada** (TSX:RY).

RBC stock

There's no uncertainty about RBC stock's dividend. The leading Canadian bank is well-capitalized and has a sustainable payout ratio of about 45%. Additionally, it has a diversified business primarily across personal and commercial banking, wealth management, capital markets, and insurance. These core markets in Canada and the United States provide stable revenues through market cycles.

This is why the top Canadian bank stock has been the most resilient by falling only 2% in the last 12 months. At below $128 per share at writing, Royal Bank of Canada stock offers a yield of north of 4.1% and is fairly valued.

It's in the process of acquiring **HSBC's** Canadian operations, which would expand the quality bank's offerings for international clients across the areas of liquidity management, trade finance, international cash management, sustainable finance, and wealth and personal banking.

Another dividend stock that'll provide peace of mind for Canadian retirees is **Fortis** (TSX:FTS).

Fortis stock

Although like RBC stock, Fortis stock's yield is around 4.1% and lower than a GIC's; the two dividend stocks have greater growth potential from both an income and total return perspective. Specifically, regulated utility Fortis has a five-year $22.3 billion capital plan that it expects to drive dividend growth of about 5% through 2027.

In other words, the low-risk and diversified utility across 10 regulated utility businesses provides predictable income growth. The dividend growth will, in turn, drive steady price appreciation of the stock as well.

At about $55 per share, Fortis stock is fairly valued. For a bigger margin of safety and better protection of your principal, Canadian retirees can wait for an entry point of about $51 over the next 12 months.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:RY (Royal Bank of Canada)
3. TSX:SIA (Sienna Senior Living 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. cleona
2. kayng

Category

1. Dividend Stocks
2. Investing

Date
2025/08/12
Date Created
2022/12/21
Author
kayng