Retirees – 1 Dividend Stock to Load Up on the Next Time They Dip

Description

It was a brutal year for retirees, with stocks and bonds both feeling the pressure of the Federal Reserve's rate hikes. Undoubtedly, rates haven't surged this quickly in decades, Though the days of easy credit are over with, there are still plenty of ways for investors, young and old, to make money. Indeed, most of the headlines these days may be attempting to time the bottom in crashing tech and growth stocks. The truth is nobody (not even the U.S. Federal Reserve) knows when growth will turn a corner.

A stoppage in rate hikes or some cuts could breathe new life into the biggest losers of 2022. In the meantime, though, every uptick in rates will apply more weight to the shoulder of firms. Some of the smaller, less liquid tech firms could crumble under the weight. That's why it's important to be cautious when going on the hunt for tech and growth plays on this dip. While such names have huge upside, the downside risks are also difficult to fathom. In a higher-rate world, some of the 90% plunges you see may be fully warranted.

Retirees: Stay the course; keep playing it safe

In any case, retired investors shouldn't attempt to catch the falling knives in the tech scene with money that they're not willing to part ways with in a hurry. You've worked hard for your retirement. And now is not the time to be taking chances in an attempt to make up for lost time after a "lost" year for financial markets.

Instead, look to dividend players that may be trading at subtle discounts. Arguably, it's better to go with the stocks that are trading at a modest, but more certain discount instead of the names that are virtually impossible to value without knowing where rates will finish after the Fed's done fighting high levels of inflation.

There's no shortage of wonderful blue chips with strong dividends. Even with a recession on the horizon, such names could offer attractive prospective returns over the next 10 years or so. Over this timespan, you'll be able to collect cash dividend payments, which should help you keep your retirement on track.

Currently, I'm a pretty big fan of **CN Rail** (TSX:CNR).

Keeping it boring with a rail kingpin

CN Rail isn't behind a game-changing technology that could reignite a sense of FOMO. It won't help you see the type of rapid gains we witnessed in 2021. However, what the railway giant can do is help you continue marching towards your long-term retirement goals, even as market-wide setbacks hit.

Undoubtedly, CNR stock has outpaced the TSX Index over the span of many decades, all while growing its dividend at an impressive rate (shares yield just shy of 1.8% today). Though CNR stock has slowed its pace of gains in recent years, I still view the stock as a great buy whenever it dips as a result of broader macro concerns. With a new CEO and one of the widest moats in the industry, CN Rail is a stock you can buy with less hesitation.

At 23.4 times trailing price-to-earnings, I view CNR stock as a great way to own "real" assets that can produce growing economic profits for decades to come. Simply put, a disruptive technology (like AI) won't make the folks at CN lose any sleep. If anything, AI could be a source of longer-term margin enhancement, as it aids in improving the rail's safety track record.

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