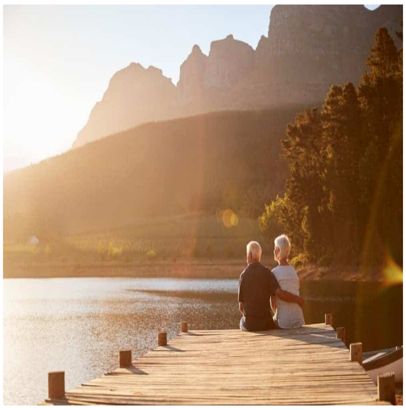

3 Dividend Stocks for a Robust Retirement

Description

One of the best ways to ensure that you have a financially stable and robust retirement is to start investing as early as possible and with the necessary vigor and discipline needed to accumulate enough money that can help sustain your current lifestyle and retirement expenses. You can leverage both growth and dividend stocks to this end and, ideally, stocks that offer both types of returns.

If you have a large enough position in companies that offer both dividends and reliable growth, you can generate a decent income to augment your pensions in your retirement years without liquidating your assets.

A bank stock

Most Canadian bank stocks are coveted for their dividends, which are stable *and* generous, but stocks like **National Bank of Canada** (TSX:NA) offer a good mix of dividends and growth. If we gauge the growth potential of bank stocks from their performance in the last decade, National Bank tops the charts with 151% price appreciation, followed by **Royal Bank of Canada**, which went up 121%.

As for the dividends, the current yield is just shy of 4% and is backed by a solid payout ratio of 37.25%. Like others in the Big Six, National Bank is an established aristocrat and has grown its payouts from $0.6 a share to $0.97 a share between 2018 and 2022.

Collectively, the stock has returned over 281% to its investors in the last decade. Even if we set a lower benchmark — 250% in a decade, the stock can potentially offer you 7.5 times returns in three decades, making it a powerful contributor to your retirement portfolio.

A telecom stock

Another stock that offers a good combination of dividends and growth is **Telus** (TSX:T), one of the three telecom giants in Canada. Telus has grown by about 74% in the last decade, and even thought's not on par with the National Bank, it's a far better performance than its peers in the telecom sector.

It offers a healthy 4.9% yield and is currently trading at a discount of about 17%. In addition to its dividend and growth potential, another thing that helps Telus stand out is its business model. Even though its revenues are mostly rooted in wireless, internet, and media (like the other two telecom giants), the company is also growing its presence in other market segments.

This includes home and online security and telehealth services, which can be a powerful market in the coming decade. A diversified approach to business can help Telus grow beyond the potential of its primary operational segment: telecom.

A pipeline company

Like many others, **Enbridge** (TSX:ENB) is one of the energy stocks that Canadian investors buy simply for its dividends, and it's easy to see why.

Even when the energy sector experienced rapid growth in the post-pandemic market, Enbridge merely reached its pre-pandemic peak. However, the flip side of this performance is also worth considering, and it's that the stock also falls slower and less than the rest of the sector in weak markets.

It's more stable than most energy stocks in Canada, and its status as one of the largest pipeline companies in North America and the largest energy company in Canada adds to the safety of its dividends. The pipeline-dependent business model is also financially more resilient against fluctuating energy prices.

Foolish takeaway

The three dividend companies, with their stellar dividend histories, can help you generate a reliable and steadily growing income stream (as all three are aristocrats) in retirement. You can use a dividend-reinvestment plan to increase your stake till your retirement years, so when it's time to cash your dividends in retirement, you'll have a sizable enough income from these dividend stocks to augment your pensions.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ENB (Enbridge Inc.)
2. TSX:NA (National Bank of Canada)
3. TSX:T (TELUS)

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