These 3 Dividends Can Rise Every Year for a Decade

Description

When searching for dividend stocks, too many investors search for the highest yields. This is somewhat understandable. After all, who doesn't want some extra money in their pocket every quarter?

This strategy is extremely risky, something that should have become very clear over the past six months. Even firms outside the energy sector have been cutting dividends. Why would investors put themselves through that kind of headache?

Instead, we should be looking for companies with a long runway for dividend growth. On that note, here are three stocks that can grow their dividends every year for the next decade.

1. Telus

Telus Corporation (TSX:T)(NYSE:TU) has already done a great job growing its dividend—over the past 10 years, the payout has quadrupled. Looking ahead, such growth will be hard to achieve, but there's no reason the dividend can't continue to grow.

Just look at Canada's telecommunications industry. It's dominated by three major players, all of whom make very consistent profits. This is perfect for funding a steadily rising dividend.

Telus is easily the strongest company among the big three. Customers like it better than the competition, it is stealing market share, and it is more exposed to the growing wireless market. As a result, revenue is growing faster too.

Telus also has plenty of room to increase the payout. To illustrate, it pays out less than 70% of its income to shareholders. By comparison, **BCE Inc.** devotes nearly 90% of its income to dividends. So, I would bet on Telus bumping up its dividend for many years to come.

2. TransCanada

If you've just read the newspaper headlines, you would think **TransCanada Corporation** (TSX:TRP)(NYSE:TRP) is an incredibly risky company. The Keystone pipeline is being held up, environmentalists hate the company, and Canada's oil sands are in trouble.

That said, TransCanada is a very healthy company beneath the surface. Its dividend has increased every year since 2000 by an average of 7%. Looking ahead, the company hopes to grow its pay out by at least 8% through 2017. I expect that goal to be met for a number of reasons.

First of all, TransCanada has $46 billion of commercially secured projects scheduled to ramp up before 2020. So, even if Keystone is blocked, there are plenty of ways for TransCanada to invest its money. Second, the company operates based on long-term contracts with practically no exposure tocommodity prices. Finally, the company will continue to use its Master Limited Partnership to pay lesstaxes in the United States. This will help grow earnings for many years to come.

3. Canadian Tire

Canadian Tire Corporation Ltd. (TSX:CTC.A) is not known as a big dividend stock, and for good reason. As of this writing, its dividend yields only 1.5%.

That said, this is because Tire only pays out about a quarter of its earnings to shareholders. Nowadays, this makes sense. The company is in growth mode and is implementing a number of new initiatives.

Eventually though, the company should run out of places to spend its money. It won’t be expanding internationally any time soon—it’s tried that before, with disastrous results. So, the dividend has nowhere to go but up, and for a long time too.

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1. Dividend Stocks
2. Investing

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TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. NYSE:TU (TELUS)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:T (TELUS)
5. TSX:TRP (TC Energy Corporation)

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