



## 3 Reasons Why Dividends From BCE Inc. Are Better Than Rental Cheques

### Description

If you're nearing retirement, or otherwise looking to generate some income from your savings, you've surely considered buying a rental property by now.

But these days, dividend stocks are a much better option for a number of reasons. Below we highlight one dividend stock, **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), Canada's largest telecommunications provider.

So, without further ado, below are the top three reasons to buy BCE instead of a rental property.

#### 1. Less hassle

Being a landlord isn't as simple as cashing monthly rental cheques. First you must find the right property, then pay a hefty commission as part of your purchase. Finding a tenant is always a hassle, and can lead to more costs too.

Even once you've found a tenant, there are more issues that could arise. For example, if anything breaks down at the new property, you're on the hook for maintenance costs. And if your tenants run into financial trouble, that could lead to a whole host of problems.

By contrast, buying BCE's shares will probably cost you just \$10 in commission, assuming you go through a discount broker. And once you own the shares, dividends are collected automatically. It doesn't get any easier than that.

#### 2. More safety

Putting your money into a rental property comes with a boatload of risks. To start, Canada's real estate market has skyrocketed for years, and may be due for a correction. Secondly, diversification becomes a lot more difficult when sinking hundreds of thousands of dollars into every rental property. And there may be some expenses, as mentioned earlier.

BCE doesn't come with those risks. The company operates in a very cozy industry, with little competition and high barriers to entry. And as long as Canadians continue to thirst for information,

demand should remain strong. So, there's very little risk of a dividend cut. Better yet, you can hold a whole basket of dividend stocks including BCE, decreasing your risk that much further.

### 3. More yield

BCE's stock comes with less risk and less hassle. It also comes with more reward.

According to the Global Property Guide, the gross rent yield in Canada is 4.18%, which doesn't sound so bad at first. But that number excludes many costs, such as the cost of finding tenants, and the cost of maintenance. Condo fees (if applicable) and property taxes can also take a big bite out of your yield.

Meanwhile, BCE's shares come with a solid dividend yield of 4.8%. If that wasn't enough, this dividend has risen by about 50% in the last five years. Meanwhile, rent increases are capped by legislation, and have averaged 1.7% per year in the past five years.

So, with less hassle, less risk, and more reward, BCE's shares are, without doubt, a better option than rental property.

#### CATEGORY

1. Dividend Stocks
2. Investing

#### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

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#### Date

2025/07/22

#### Date Created

2015/05/20

#### Author

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