



3 Top Dividend Stocks to Hold for the Next 10 Years

Description

If you're choosing to invest for the long term, one of the safest ways to invest, then you want to buy and hold strong, stable businesses that can last forever. At least, that's our hope. At the same time the businesses grow, they will also increase the payout to shareholders for a rising income.

Here are three top dividend stocks to hold for the next 10 years and longer.

A formidable bank

In the past five years **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) had the strongest revenue growth (at a CAGR) compared with the Big Six banks. Simultaneously, Toronto-Dominion Bank is one of the banks to experience the strongest dividend growth in the past 10 years. Its most recent hike was in the second quarter of this year, and was 8.5% higher than one year ago.

Toronto-Dominion Bank is priced at a historically high yield of 3.9% today, but it would be an even better deal if one could capture its shares at a 4% yield. To get that yield, Foolish investors can set a limit order for \$51 per share.

Its payout ratio sits at 47%. So, it's retaining most of its earnings, and there's room to grow the business and the dividend.

A rising green utility

There's a growing trend to use renewable energy to generate electricity. The top two sources of renewable energy are hydropower and wind power. About 3% of the world's electricity is generated by wind power and 17% by hydropower. By investing in **Brookfield Renewable Energy Partners L.P.** ([TSX:BEP.UN](#))([NYSE:BEP](#)), you get exposure to both.

For 20 years Brookfield Renewable has invested in hydro energy, which generates 80% of its power capacity. Wind power generates 18% of its capacity. Brookfield's renewable assets are located in the United States (50% of generation), Canada (25%), Brazil (20)%, and Europe (5%).

The green utility has experienced steady, stable growth, and it is a rising dividend-growth star. It has a five-year streak of increasing dividends, and the company expects it to grow at a compound annual growth rate (CAGR) of 5-9% in the foreseeable future. What's more to like is that it pays its dividend in U.S. dollars, which is favourable to Canadians right now.

To avoid tax-reporting headaches, hold Brookfield Renewable shares in a TFSA or RRSP because its dividends are not entirely Canadian eligible.

A pipeline leader

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is a leader in transporting and storing energy. Its 19-year streak of dividend increases is second to none in the oil and gas midstream industry. In fact, Enbridge hiked its dividends at a CAGR of 11-14% in the past decade. On top of that, it has paid out dividends for over six decades!

Going forward, the company projects dividends to grow at an annualized rate of 14-16% per year from 2016 to 2018, and this growth is supported by earnings growth with some expansion in its payout ratio that remains sustainable between 75-85%.

At about \$55, Enbridge provides an attractive 3.4% yield for Foolish investors interested in this stable, high-growth company. Shareholders can also reinvest its dividends at a 2% discount; however, if held in a non-registered account, make sure to keep track of the cost basis for tax-reporting purposes in the event you make a sale.

In conclusion

I believe these businesses will perform well in the long term while increasing the annual payouts steadily. However, in the short term, Foolish investors will need to endure the volatility, especially for Enbridge, which has fallen along with oil prices.

On the other hand, Toronto-Dominion Bank is a good choice at today's price, although it's always better if we can buy at a greater yield, preferably a yield of 4% or higher.

Then there's Brookfield Renewable, which has accumulated rare assets across the globe, and generates a stable, growing dividend.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)

3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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