



Millions of Dollars in Dividends Are up for Grabs

Description

Stable businesses that remain profitable in good times and bad share their profitability with shareholders in the form of dividends. They pay out a portion of their earnings or cash flows while retaining enough capital to reinvest back into their businesses.

If you buy these stable businesses that have the culture of paying dividends, you can essentially buy their shares once and receive dividends forever. Anyone with an investment account can buy their shares and start receiving dividends anytime.

Billions of dollars in dividends

The Big Five Canadian banks have paid dividends for over a century! In the past 12 months **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) paid out about \$3.2 billion of dividends to its common shareholders. Similarly, in the same period **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), the smallest bank by market capitalization of the Big Five banks, paid out about \$1.7 billion in dividends to its common shareholders.

Bank of Nova Scotia costs \$54 per share and yields 5.2%, and Canadian Imperial Bank of Commerce costs \$87 per share and yields 5.3%. Their payout ratios are below 50%, so their yields are solid.

Their shares are 8-19% cheaper than they were a year ago because of the weak Canadian economy (which is weak due to low commodity prices). However, the banks remain very profitable with earnings expected to grow this fiscal year, even though the growth will be slower compared to normal economic times.

The Canadian telecoms are also very profitable. In the past 12 months **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) paid out about \$1 billion of dividends to its common shareholders. Its payout ratio is about 65% based on its current quarterly dividend of \$0.44 per share. So, there's a margin of safety for its dividend. Telus's shares have pulled back about 9% in the last year because it's expected to experience slower growth.

Millions of dollars in dividends

Utilities, such as **Fortis Inc.** ([TSX:FTS](#)) and **Canadian Utilities Limited** ([TSX:CU](#)), are very stable businesses with the top dividend-growth track records in Canada. They have paid out growing dividends for over 40 years!

In the last 12 months Fortis paid out about \$397 million in dividends to its common shareholders. Likewise, Canadian Utilities paid out approximately \$164 million in dividends to its common shareholders. Their payout ratios are roughly 68% and 62%, respectively. At \$36.2, Fortis yields 4.1%, and at \$33.9, Canadian Utilities yields 3.8%.

Real estate investment trusts (REITs) earn stable cash flows from their rental income. For example, the largest retail REIT, **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) paid out about \$447 million of distributions in the past 12 months. It yields 5.7% at \$24.8.

Conclusion

If you're looking for companies that have the potential to pay you an income forever, consider the companies above, which tend to earn stable earnings or cash flows and have histories of paying dividends.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:TU (TELUS)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:CU (Canadian Utilities Limited)
7. TSX:FTS (Fortis Inc.)
8. TSX:REI.UN (RioCan Real Estate Investment Trust)
9. TSX:T (TELUS)

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