Retire Rich by Investing in These 3 Dividend Stocks Today

Description

Owning a portfolio of dividend-paying stocks is the best way to build wealth over the long term, and this investment strategy generates the highest returns when you own stocks that grow their payouts over time. With this in mind, let's take a look at three stocks with yields of 4-6%, active streaks of annual dividend increases, and the ability to continue growing their payouts going forward, so you can decide if you should buy them today.

1. Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is the fourth-largest bank in Canada with nearly $700 billion in total assets. It pays a quarterly dividend of $0.84 per share, or $3.36 per share annually, which gives its stock a yield of about 4.3% at today's levels.

It is also important for investors to make two notes.

First, Bank of Montreal has raised its annual dividend payment for four consecutive years, and its recent increases, including its 2.4% hike in December 2015, have it on pace for 2016 to mark the fifth consecutive year with an increase.

Second, the company has a target dividend-payout range of 40-50% of its adjusted net earnings, so I think its consistent growth, including its 14.4% year-over-year increase to an adjusted $1.75 per share in its first quarter of fiscal 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

2. Brookfield Property Partners LP

Brookfield Property Partners LP (TSX:BPY.UN)(NYSE:BPY) is one of the world's largest owners, operators, and investors in real estate with over $65 billion in assets and ownership interests in 155 office properties and 173 retail properties around the globe. It pays a quarterly distribution of US$0.28 per share, or US$1.12 per share annually, which gives its stock a yield of about 5.1% at today's levels.

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First, Brookfield's 5.7% dividend hike in February has it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

Second, the company has target distribution-payout ratio of 80% of its funds from operations (FFO) and an annual distribution-growth target of 5-8%, and I think its strong growth of FFO, including its 6.3% year-over-year increase to $1.18 per share in fiscal 2015, and its growing asset base will allow it to achieve its distribution-growth target for the next several years.

3. Valener Inc.

Valener Inc. (TSX:VNR) is a company that serves as an investment vehicle in Gaz Metro, the largest distributor of natural gas in Quebec and Vermont, and Seigneurie de Beaupre, one of Canada's largest owners and operators of wind farms. It pays a quarterly dividend of $0.27 per share, or $1.08 per share annually, which gives its stock a yield of about 5.1% at today's levels.

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First, Valener's 3.8% dividend hike in November 2015 has it on pace for fiscal 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

Second, the company has an annual dividend-growth target of 4% through 2018, and I think its very strong growth of operating cash flows, including its 50% year-over-year increase to $1.53 per share in fiscal 2015 and its 3.8% year-over-year increase to $0.27 per share in its first quarter of fiscal 2016, will allow it to achieve this goal and extend it beyond 2018.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:BPY.UN (Brookfield Property Partners)

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