

A Dividend-Growth Stock to Earn Steady Retirement Income

Description

I love investing in companies that pay dividends and grow them over time. I believe this type of investment is also very important to build your [retirement income](#). Here is why.

First, companies that offer regular dividend hikes run mature and stable businesses. Rewarding investors on a regular basis means these businesses are capable enough to generate enough cash flows in both good and bad times.

Second, a dividend hike provides a good hedge against the rising inflation. For long-term investors, it's very important to protect their portfolios from the impact of rising prices, which cut the amount of real returns.

And finally, a dividend-growth strategy of a company tells us a lot about a company's ability to predict its future. It would look very unprofessional and damaging for management to hike dividends, only to cut them after a couple of quarters.

Here is a dividend-growth stock that investors looking to build their retirement income can consider.

Brookfield Renewable

Energy infrastructure companies are among the most reliable dividend-growth stocks in North America. And [Brookfield Renewable Partners LP](#) ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the them.

The partnership operates one of the world's largest publicly traded renewable power companies, producing 16,000 MW of capacity and managing 820 facilities in North America, South America, Europe, and Asia. Its investment objective is to deliver long-term annualized total returns of 12-15%, including annual dividend hikes of 5-9% from organic cash flow growth.

Brookfield Renewable belongs to a segment of the world economy that is facing explosive growth. That means investors can hold on this stock to benefit from a shift in the energy mix.

The International Energy Agency sees continued strong growth in renewables through 2022, with renewable electricity capacity forecast to expand by over 920 GW, an increase of 43%.

Brookfield seems to be well positioned to meet this global surge in renewable demand through its smart acquisition strategy. In 2017, it commissioned 75 MW of new capacity, while progressing an additional 248 MW of construction and advanced-stage projects that are expected to enter commercial operations in the next four years.

This growth strategy has helped the company produce steady earnings, dividend growth, and decent capital gains for its investors. In 2017, the company's funds from operations rose 37% to \$581 million. Its adjusted EBITDA climbed 21% to \$1.14 billion.

The bottom line

Trading at \$38.72, BEP stock currently pays quarterly dividend of US\$0.49 per share. The company has hiked the payout each year since it started trading in 2011. With an annual dividend yield of 6.47% and an impressive payout history, I think Brookfield Renewable is a great growth stock to have for buy-and-hold investors.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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