3 Top Dividend Growth Stocks to Buy and Hold for Decades

Description

Dividend stocks are a great way to increase the cash in your portfolio, but dividend growth stocks are even better. Not only will you get a good dividend every year, but with stocks that grow their payouts, you'll likely earn more each year you that own the stock. Below are three stocks that have hiked their dividends over the past several years that could be great long-term buys today.

Suncor Energy Inc. (TSX:SU)(NYSE:SU) has seen its share price rise nearly 20% in the past three months as the outlook for the industry continues to get stronger as oil prices remain strong — and could go even higher amid rumours of a long-term supply deal. The company achieved sales growth of 12% in its most recent quarter, averaging a 13% profit margin over the past five reporting periods.

Suncor is committed to growing its bottom line as it continues to try to cut costs even further, with the most recent example being its plan to deploy autonomous trucks at its operations in the years to come.

Currently, Suncor pays its shareholders 2.9% annually in dividends, and while that may not be terribly high, the company has a strong history of raising its payouts over the years. Quarterly payments of $0.36 have grown 80% since 2013, averaging a compounded annual growth rate of over 12% during this time. If Suncor maintains that level of increase, it will take approximately six years for dividend payments to double.

Brookfield Renewable Partners LP (TSX:BEP.UN)(NYSE:BEP) is another solid dividend stock to add to your portfolio. Currently, Brookfield pays shareholders over 6% annually. With dividends in U.S. dollars, investors could also benefit from an improving U.S. currency as the economy south of the border continues to grow. The dividend has also grown well over the years, rising more than 35% since 2013 with a CAGR of 6.2%.

Although the rate of growth is not as high as Suncor's, you're also starting from a higher dividend rate. Brookfield, however, might also be less of a risk to invest in given that it isn't going to see the swings that oil and gas stocks might with fluctuating commodity prices.

Year-to-date the stock is down more than 8% and the share price is not far from its 52-week low, making it an attractive buy today. With a strong focus on renewable power, Brookfield offers investors a great long-term outlook with plenty of potential.

Inter Pipeline Ltd. (TSX:IPL) enjoys the rare distinction of being a dividend stock in oil and gas that actually hiked payouts during the big downturn in the industry. Over the past five years, Inter Pipeline's dividend has risen by more than 51%, for a CAGR of 8.6%. With a current yield of more than 7%, you get the best of both worlds with this stock: a high yield and a high rate of growth.

The company has done well over the past four years, averaging a remarkable 24% profit margin during a tough time in the industry. Year-to-date the share price is down 10% and with the stock just a few dollars away from its 52-week low, it's a great time to buy before the stock takes off.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
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