



2 Top Dividend Growth Stocks to Charge Your Retirement Income

Description

Investing in [dividend growth stocks](#) is one of the best ways to build your retirement income. Companies that offer regular dividend hikes run mature businesses that could provide stability and growth for your portfolio.

Rewarding investors regularly says a lot about management's long-term philosophy. These are the companies that care about their reputation and want loyal investors. It would be very damaging for a management to hike dividends only to cut them after a couple of quarters.

So, with these benefits in mind, I've picked two top dividend growth stocks. These companies have long histories of rewarding their investors and have made their intentions public about the future hikes.

Suncor Energy Inc.

Investing in an energy company may not sound appealing to income investors due to the volatile nature of their business. But Canada's [Suncor Energy Inc.](#) ([TSX:SU](#))([NYSE:SU](#)) has been an exception. After the 2014 oil market rout, many top producers slashed their payouts as they rushed to preserve cash, but Suncor continued to hike its dividends.

The latest jump in dividend came early this year with the company announcing a 12.5% hike in the quarterly dividend to \$0.36 per common share.

Production growth and lower costs have enabled Suncor to continue growing its dividend even while oil prices remain depressed. Since 2013, Suncor's dividend payout has grown ~72% a share. And Suncor hasn't miss a dividend increase in the past 15 years.

Suncor is a great dividend stocks to hold in your retirement portfolio. This oil-sand producer has often shown that not only can it survive a crash in oil prices, but it can also create value for its shareholders.

TD Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)), Canada's second-largest lender, has been a top performer when compared to other lenders. TD stocks' more than 70% surge during the past five years is mainly driven by the lender's huge growth in its payouts.

During the past two decades, TD has been able to deliver an 11% compound annual dividend growth rate, which is one of the best among top Canadian companies. This strength came from TD's dominant position in the local market and its explosive growth in the U.S.

The bank plans to grow its \$2.68-a-share annual payout between 7% and 10% each year going forward, as it benefits from strong economic growth in North America where it is well-positioned to generate more cash.

Its stock currently yields 3.52% after a 17% jump in its value in the past 12 months. According to analysts' consensus price estimate of \$84.79, this stock has another 11% upside potential in the next 12 months.

The bottom line

By investing in dividend-growth stocks, such as Suncor and TD, you can slowly improve your returns. But increasing your retirement income fast requires a simple approach. Start your saving journey early and focus on income-generating stocks with a long-term investment horizon.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

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1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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Author

hanwar

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