2 Top Dividend Stocks You Could Hold for the Next 30 Years

Description

If you're looking to buy stocks that you want to hold until you retire, then you shouldn't ignore Canadian utility and banking stocks. These two areas of the market are known for their stability and growing dividend income.

Canada's top utilities and banks have solid earning histories, manageable debt levels, and increasing free cash flows. These are the strengths that you should look for as you build your retirement portfolio.

And if you have an investment horizon spanning over 20-30 years, you'll realize how the power of compounding works in your favour. This approach has the potential to produce returns that are much higher than investing in fixed-income securities, GICs, or bank saving accounts.

With this theme in mind, here are two top dividend stocks that you should consider now.

Fortis Inc.

Having a couple of utility stocks in your retirement portfolio is something I always recommend to my readers. The logic is simple: the companies that supply power and gas to your homes and offices have very predictable revenue streams. They operate in a regulated environment in which governments fix the rates.

So, unlike many consumer-facing businesses, they're not affected by the whims of economic cycles and extreme changes in consumer demand. This predictability in cash flows helps them pay very stable dividends to investors.

Toronto-based **Fortis** (TSX:FTS)(NYSE:FTS) is one those solid stocks that fit quite nicely in these criteria. With more than 40 years of dividend hikes, this utility is well on track to continue rewarding its long-term investors after its aggressive growth in the U.S. and Caribbean.

The company is pursuing many development projects that should support its 5-6% annual growth in dividends, especially when the company has a manageable payout ratio of about 68%. Trading at $42.89 and with an annual dividend yield of 3.96%, Fortis is a good stock to buy and hold.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS), Canada's third-largest lender, is one of the most reliable names when it comes to earning growing dividend income. Scotiabank has paid dividends every year since 1832, while it has hiked its payouts in 43 of the last 45 years.

The history of any stock is obviously can't predict the future, but Scotiabank has a lot to offer if you are planning to hold this name for the next three or four decades.

Unlike other large Canadian banks, Scotiabank is targeting emerging markets to grow. That strategy has so far worked in its favour. Following its aggressive growth in South America, Scotiabank is now one of the largest lenders in the Pacific Alliance — an economic bloc consisting of on Mexico, Peru, Chile, and Columbia. The region is forecast to contribute 30% to the bank's total revenue over the next three years, up from 23% currently.

Trading at $76.17 at the time of writing with an annual dividend yield of 4.31%, the company's stock is trading close to the 52-week low. This pullback has opened a window of opportunity for long-term investors to lock in its juicy yield.

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