3 Growing Dividend Stocks to Hold for Years

Description

The only thing better than a dividend stock is one that grows its payouts. A growing dividend allows you to earn more on your initial investment in future years, so a low payout today has the potential to be a much bigger one down the road. The one caveat is that there isn't any guarantee that a company will continue raising its dividend payments over the years, but companies that do typically try to follow a regular pattern.

Below are three stocks that have grown their dividends by more than 20% in recent years and that could be great options to put into your portfolio for the long term.

Restaurant Brands International (TSX:QSR)(NYSE:QSR) owns some big fast-food chains in Tim Hortons and Burger King, which gives it lots of stability, but it also has opportunities for long-term growth, and the company has some big expansion plans for the Canadian coffee chain.

Currently, Restaurant Brands pays investors a dividend yielding around 2.9% annually, but that has grown significantly over a small amount of time. Quarterly dividend payments of US$0.45 have nearly tripled from the US$0.12 that the company was paying three years ago, averaging a compounded annual growth rate (CAGR) of 55%.

However, given that the company recently started paying dividends, it's not likely that we'll see such an incredible rate of growth continue, but it's clear that Restaurant Brands wants to offer its investors a quality dividend, and even a modest growth rate from where it is now will be very attractive to investors.

Loblaw Companies (TSX:L) has been able to find a way to increase its payouts even during very challenging times where minimum wages are rising, and the company is facing growing competition from online merchants. However, that's a good sign that Loblaw is in good financial health, and that it is able to continue to grow.

The company has adapted to growing trends with online and pickup delivery, and there’s no reason to think the grocer won’t be around for the long term, regardless of how popular online shopping will be,as there will always be a demand for in-store shopping, particularly as it comes to clothing andgroceries.

While the stock’s current yield of 1.7% is nothing to get too excited about, in five years Loblaw has increased its quarterly payment from $0.24 to $0.295 for an increase of 23% and a CAGR of 4.2%.

Inter Pipeline (TSX:IPL) is another stock that has been able to raise payouts during troubled times, as its dividend payments increased when many oil and gas companies were shutting down as a result of the downturn in the industry. Although things have gotten better, there’s still a long way to go, and the stock has a lot of potential, as year to date it has declined around 5%.

Monthly dividend payments of $0.14 have increased 47% from the $0.095 that Inter Pipeline was paying back in 2013, averaging a CAGR of over 8%. It’s a high rate of growth, and its last rate hike was only 3.7%, but even that would look good for a stock that’s currently yielding over 6.7%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:L (Loblaw Companies Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

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