



3 Strong Companies With U.S. Cash Dividends to Buy Today

Description

Today, you can apply a trick of your trading account to earn U.S. dollars (USD), which you can then use to buy U.S. stocks. Essentially, it works like this: there are companies in Canada that — often due to the fact that much of their revenues are received in USD — also pay their dividends in USD. When you receive these dividends in your Canadian brokerage account, the dividends are usually automatically converted into Canadian dollars (CAD). For the broker's trouble, you are charged a foreign exchange fee.

However, there is a way to keep those dividends in USD. Certain brokerages, BMO Investorline for one, allow you to call into the helpline to “journal” the shares to the USD side of your account. You still own the Canadian shares, but the dividends are now kept in USD. You don't pay any extra exchange or service fee, and you have USD to spend.

Luckily, there are a number of fantastic companies that are worth owning anyway that allow you to perform this trick. Some of the most notable in my opinion are **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)), and **Magna International** ([TSX:MG](#))([NYSE:MGA](#)). All of these companies are solid prospects as long-term holds, so you will be collecting USD dividends for a long time.

All of these companies pay pretty respectable dividends that they have been growing over time. QSR, the [parent of Tim Hortons](#), now pays a dividend of around 3%. Nutrien, the combined entity resulting from the merger of Potash Corp. of Saskatchewan and Agrium, also pays a good dividend of 3.41%. Magna, the Canadian auto parts manufacturer, pays a dividend of 2.62%.

That is a lot of U.S. cash you can build in your account every year. Just think, at the moment, the amount of cash that you receive every year if you own 100 shares of each company amounts to US\$460 each year. If you take that cash and put it into a high-interest savings account, you can invest it, or spend it on a vacation, if you so desire.

These companies are not afraid to increase their payouts, either. Magna increased its dividend by a solid 20% in 2018, and Nutrien [raised its payout](#) by 7.5%. If this remains a trend, that's going to be a lot more USD for your portfolio.

In order to maximize the USD you collect from these stocks, you may be well served to buy U.S. non-dividend-paying stocks. Just think, you've already saved the tax through the Canadian dividend tax credit, you've saved yourself the trouble of exchanging funds, and you get the capital gains tax credit when you sell. It's a powerful way to be tax efficient, while buying U.S. stocks. Even if you your brokerage won't journal the shares, the dividend will get a boost from the weak CAD.

Owning any of these stocks is a great investment. All three have excellent geographically diversified businesses that should continue to grow. If you combine these attributes with the ability to generate free USD for your trading account, it becomes a long-term winning combination. Buy these companies for your portfolio and don't forget to check with your broker about being able to journal the dividends to the U.S. side of your trading account.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:NTR (Nutrien)
3. NYSE:QSR (Restaurant Brands International Inc.)
4. TSX:MG (Magna International Inc.)
5. TSX:NTR (Nutrien)
6. TSX:QSR (Restaurant Brands International Inc.)

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