2 Stable Dividend Stocks to Buy and Hold for the Next 50 Years

Description

Smart investors like Warren Buffett own stocks with the intention of holding them for years, if not decades at a time. While the talking heads on TV may encourage you to flip a stock just days after you've pulled the trigger, smart investors realize that such excessive trading activities only stand to make brokers rich with commissions.

Indeed, what's considered a long-term investment today would be considered short to seasoned investors like Buffett, who would consider three years, which is regarded as a long-term time horizon by today's standards, as a rather short-term investment.

Now, I know what you're probably thinking. A 50-year holding period for a stock is ridiculous. If you're a soon-to-be retiree, you probably realize that such a lengthy holding period will exceed your life expectancy, and while that may be the case, I think it's better to be safe than sorry with an investment that will be there to have your back in case you live a lot longer than you're expecting.

Running out of money is a common fear that many investors share, and with life expectancies moving up, many of today's young investors can realistically expect to live well beyond 90. So, if you're 40, you should shoot to hold a stock for the next 50 years, because like it or not, you're going to need the safety net of a growing dividend to help you keep up with life's expenses, which are continually on the rise.

What kind of stocks should you hold for decades at a time?

Hold the best-in-class Dividend Aristocrats on the TSX, like **Royal Bank** (TSX:RY)(NYSE:RY) and **Canadian Utilities** (TSX:CU), two Steady Eddie dividend stocks that have demonstrated over time they're capable of rewarding investors with generous and consistent dividend raises. The longer you hold such stocks, the more rewarding they become. And after decades have passed, they'll evolve to become a large portion of your passive-income stream such that you won't want to sell either stock.

Royal Bank is considered by many to be the king of Canadian banking. It's essentially royalty when compared to most other TSX-traded Canadian dividend-growth stocks. At the time of writing, the stock yields a bountiful 4.7%, and with high single-digit, (or low double-digit) annual dividend raises nearly guaranteed independent of what stage of the market cycle we're in, the stock is one to stash away and forget about for decades.

While the healthy dividend and dividend-growth profile are "safe and sound" over the extremely long term, the stock itself is vulnerable to wild swings should the broader markets pullback. So, in the next recession, a 50% drop isn't out of the question. And while seeing half your principal vanish from your investment account may be startling, those who can endure such bouts of volatility without selling will be able to score superior total returns over the decades.

If you can't see your investments halving in a worst-case scenario, Steady Eddie utilities like Canadian Utilities may be a better bet. While Canadian Utilities stock is not immune to downfalls (shares are currently off 23% from all-time highs), the stock's lower correlation to the broader market (three-year beta of 0.63) should dampen the pain when it's time for that inevitable market crash.

To sweeten the pot, Canadian Utilities has a 5.1% yield, stable operations, and fewer surprises. That's a great bet, and at today's depressed valuations, long-term investors are essentially paying three quarters to get a dollar.

Foolish takeaway

Both Canadian Utilities and Royal Bank are rather uneventful dividend-growth kings that could make you wealthy over the years. Throughout decades, each stock will become an influential part of your income stream such that you won't want to part with either name.

Stay hungry. Stay Foolish.

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