2 Dividend Stocks That Should Pay You for the Rest of Your Life

Description

Dividend stocks are an excellent source of additional income on top of your job or rental income. Reinvesting the dividends can further boost your returns as well. In time, dividend growth can increase your income generation power many folds over. However, not every dividend stock deserves a spot in long-haul portfolios.

Find out why we think the following dividend stocks are fitting for forever-style portfolios.

A recession-resistant industry Goliath

Using gas or electricity every day is as natural as breathing for **Fortis's** (TSX:FTS)(NYSE:FTS) customers. About 92% of its business is transmission and distribution. Even when a recession hits, there will still be the usual demand for gas and electricity. This makes Fortis a recession-resistant business.

Fortis stands at the top of the pack as the largest utility in Canada by market cap and is among the top 15 utilities in North America. Fortis's low-risk business is diversified across 10 utility operations. It generates about 60% of earnings from the United States, a big piece of which comes from its subsidiary, ITC Holdings, the largest independent electricity transmission company in the U.S. Fortis also has operations in Arizona and New York.

Since about 97% of its assets are regulated, Fortis's earnings are highly predictable. It's one of the top two Canadian dividend stocks with a dividend-growth streak of 45 consecutive years. Last month, it reaffirmed an average dividend-growth target of 6% per year through 2023.

As of writing, Fortis offers a safe yield of 3.6%.

Quality real estate with proven management team for peace of mind

Choice Properties REIT (TSX:CHP.UN) is the combination of two quality real estate investment trusts (REITs). It already had a solid portfolio to begin with; **Loblaw** was the REIT's primary tenant and the REIT achieved high occupancies of about 99% with a long-weighted average remaining term of roughly 10 years.

In May 2018, Choice Properties merged with Canadian REIT to form Canada's largest REIT. Prior to the transaction, Canadian REIT was one of two Canadian REITs with the longest dividend-growth streak that spanned more than a decade. Canadian REIT was a very well managed company with diversified office, retail, and industrial assets.

The trustworthy management team from Canadian REIT, CEO Stephen E. Johnson, COO Rael L. Diamond, and CFO Mario Barrafato continue to lead Choice Properties in the same roles.

As of writing, Choice Properties is good for a yield of 5.2% that's paid in the form of a monthly cash distribution. Choice Properties's 2018 funds-from-operations payout ratio was under 72%. So, its cash distribution remains sustainable.

Investor takeaway

Dividends can be a key component of total returns. So, investors should take advantage of dividends in their long-term portfolios. We think Fortis and Choice Properties will pay dividends for a very long time, and it'd be in investors' best interests to add to the stable companies on meaningful dips in their stocks.

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1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
3. TSX:FTS (Fortis Inc.)

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Date
2025/08/25
Date Created
2019/03/30
Author
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