Lazy Retirees: Nail Down a Growing Passive Income Stream of $6,200/Year With These 3 Cash Gushers

Description

Hi, Fools. I'm back to highlight three top dividend growth stocks. As a quick reminder, I do this because businesses with consistently increasing dividend payouts can defend against the harmful effects of inflation by providing a growing income stream; and tend to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 3.1%. Thus, if you spread them out evenly in an average $200K RRSP account, the group will provide you with a growing $6,200 annual income stream. And it's all completely passive.

Let's get to it.

On the right track

Leading off our list is railroad behemoth **Canadian National Railway** (TSX:CNR)(NYSE:CNI), which has grown its dividend 105% over the past five years.

CN's strong payout growth is supported by its massive low cost rail network (20,000 route miles of track across Canada) and diversified freight revenue. In the most recent quarter, revenue increased 11%, EPS improved 8%, and free cash flow clocked in at $286 million.

"CN railroaders delivered record first-quarter carload volumes, adding $350M of top-line growth, while improving year-over-year car velocity," said President and CEO JJ Ruest. "We remain on track to deliver on our 2019 financial outlook and on our ability to bring long-term value creation to our customers and shareholders."

CN shares are up 22% in 2019 and offer a yield of 1.6%.

Auto-correction

Next up, we have auto parts giant **Magna International** (TSX:MG)(NYSE:MGA), which has delivered 136% in dividend growth over the past five years.

The stock has slumped over the past year on tariff-related anxiety, but cash flow fundamentals remain healthy. Despite a sales decline of 2%, Magna still managed to return $403 million to shareholders through dividends and share buybacks.

“Despite the lower production environment and some challenges we are facing in certain businesses, free cash flow generation was strong in the first quarter,” said CFO Vince Galifi. “We expect to generate between $1.8 and $2 billion of free cash flow this year, an increase from 2018.”

Magna shares are up about 3% so far in 2019 and offer a healthy yield of 2.9%.

Down the pipe

Rounding out our list is pipeline operator **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), which has grown its dividend by 35% over the past five years.

Pembina offers conservative investors a rare combination of exciting project growth and consistent dividends. In the most recent quarter, adjusted EBITDA jumped 12%, operating cash flow spiked 22%, and total production improved 4%.

On that strength, management upped the quarterly dividend 5%.

“This is the eighth consecutive year of increasing the dividend and we are extremely proud of the value we have been able to return to shareholders, reinforcing our commitment to provide our investors with sustainable cash flow and dividend per share growth,” wrote Pembina.

Pembina is up 6% in 2019 and offers a juicy yield of 4.7%.

The bottom line

There you have it, Fools: three attractive dividend growth stocks worth checking out.

As always, they aren’t formal recommendations. They’re simply a starting point for more research. The breaking of a dividend growth streak can be especially painful, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:MGA (Magna International Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:MG (Magna International Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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