3 Dividend Stocks That Should Pay You the Rest of Your Life

Description

While it's all well and good to find those golden dividend stocks that have double-digit dividend yields, you might want to ask yourself one question: "Why?"

Oftentimes, it's because the company doesn't really have all that much to offer besides a substantial dividend. What that means is that dividend might not be sustainable and therefore not worth your time or your money.

What you should be looking for as an investor are companies with a long history of dividend payouts and consistent growth — both in share price and in dividend yield.

If you're looking for three to start off a passive-income fund, I would dig into **Canadian Pacific Railway** (TSX:CP)(NYSE:CP), **Enbridge** (TSX:ENB)(NYSE:ENB) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

CP

As one of Canada's only railways, CP is already a stock investors should look into. The company shares a duopoly for the top spot, and right now CP is in the lead. The company did an overhaul back in 2012 that is still paying off, with the heavy lifting done and the company now simply looking for further opportunities to expand.

This leaves CP's current share price well below fair value by about 5% as of writing and makes its 1.07% dividend yield look quite tempting. While that number seems low, it comes out to $3.32 per share per year, or $0.83 per share per quarter. That means an investment of $15,000 would bring in about $160 per year.

CP also has a long history of both share and dividend growth that should continue even through a recession, as the railways always keep running. CP has grown about 525% in the last decade, with its dividend growing an average of 27% per year over the last five years. Given that history, things should keep moving steady as a rail.

TD

Another bargain stock out there right now is TD, one of Canada's top two banks by market capitalization, and one of the only ones posting strong revenue results, despite an incoming recession. The company has clearly prepared itself for the incoming dip in the markets and looks to come out strong afterwards.

Not only has TD come out looking prepared, but it has also posted impressive growth, with $12 billion reported for 2018. This comes mainly from its United States operations — where TD is now one of the top 10 banks in the U.S. — and its move into the wealth and commercial management sectors. Both have proven highly lucrative for the company.

The bank came out strong after the last recession, jumping back to pre-recession share prices within a year, and since then has grown 105% as of writing, with its dividend yield growing an average of 12% per year over the last five years. That dividend yield now sits at 4.14%, offering a $15,000 investment about $615 per year.

Enbridge

Finally, we have another beaten-down stock that deserves investor attention. Enbridge has been plagued by recent problems, what with the delay of its Line 3 pipeline, and an explosion at one of its sites. However, these are short-term issues for a company that has proven it's here for the long haul.

Enbridge has $16 billion of secured projects set to be completed by 2021, with $3 billion more set aside after that. This leaves room for incredible growth for much-needed pipelines, but the company also has most of its business supported by long-term contracts. That means both share and dividend growth are practically a certainty for the future.

The company is still undervalued, but it has risen 110% in the past decade, with an average of 22% growth per year in its dividends. When oil and gas prices rebound, investors should see some super growth from this stock, especially as its recent reports have shown no signs of any slumping in its near or far-off future.

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2. NYSE:ENB (Enbridge Inc.)

3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CP (Canadian Pacific Railway)
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