Lazy Retirees: 3 Dividend Growth Stocks for Annual Income of $10K

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 guard against the harmful effects of inflation by providing a rising income stream; and tend to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 4.0%. Thus, if you spread them out evenly in an average $250K RRSP account, the group will provide you with a growing $10,000 annual income stream. And it's all completely passive.

Let's get to it.

Empire building

Leading things off is supermarket operator **Empire Company** (TSX:EMP.A), which has delivered 24 consecutive years of dividend growth.

Empire's cost advantages, impressive scale (roughly 1,500 retail stores), and reputable brands (banners include Sobeys, Safeway, and FreshCo) should continue to support strong dividend growth for many decades to come. In the most recent quarter, adjusted EPS clocked in at $0.49 as revenue improved 4% to $6.7 billion.

"The momentum created by our team's hard work and execution over the last two years continued in our first quarter," said CEO Michael Medline. "Our results, in the face of a late start to the seasonal summer weather, underline our confidence in our strengthening business."

Empire shares are up about 28% in 2018 and offer a yield of 1.3%.

Real opportunity

With an impressive dividend growth streak of 16 years, retail property owner **Plaza Retail REIT** (TSX:PLZ.UN) is next on our list.

Plaza's dividend is underpinned by a roster of reputable tenants (roughly 91% are national companies), a high-quality management team, and solid scale (284 properties totaling about 8 million square feet across Canada). In the most recent quarter, net operating income improved 2% to $16.4 million.

"We have continued to expand our pipeline of new projects," said President and CEO Michael Zakuta. "In addition, we continued our major refinancing program where we are rolling mortgages at historically low rates."

Plaza shares are up about 13% so far in 2019 and currently offer a scrumptious dividend yield of 6.7%.

Sunny selection

Rounding out our list is oil and gas giant **Suncor Energy** (TSX:SU)(NYSE:SU), which has delivered 17 straight years of dividend increases.

Even amid volatile energy prices, Suncor can maintain relatively stable cash flows due to its diversified operations and rock-solid financial position. In the most recent quarter, Suncor generated funds from operations (FFO) of $3 billion while operating cash flow came in at $3.4 billion.

During the quarter, the company paid out a whopping $658 million in dividends and repurchased $552 million in shares.

"This quarter, we delivered $3.0 billion in funds from operations, a new second quarter record, and $1.3 billion of operating earnings due to our team delivering solid operating performance while taking full advantage of our flexibility to maximize our cash flow, despite the impact of curtailments," said CEO Mark Little

Suncor is up 5% in 2019 and offers a solid yield of 4.0%.

The bottom line

There you have it, Fools: three solid 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.

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1. NYSE:SU (Suncor Energy Inc.)
2. TSX:EMP.A (Empire Company Limited)
3. TSX:PLZ.UN (Plaza Retail REIT)
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