



BMO (TSX:BMO) Has an Insane Dividend Streak of 190 Years

Description

Canadians today are starting to take [retirement planning](#) seriously, and as such, building a nest egg as early as possible is the call of the times. A bank that understands the perennial importance of dividends to retail investors is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)).

Until today, this \$62 billion bank is the friendliest company to retirees and all other investors. BMO has established a tradition of paying dividends, and the record at present stands at 190 years.

Best decision

Many banks and financial institutions collapsed or were on the verge of collapsing during the 2008 financial crisis. U.S. banks requested bailouts, but not Canadian banks, including BMO.

Back in 1829, stock markets were recovering from the huge losses of English banks in the Latin American credit markets. BMO was in an awkward position. The bank's directors were deciding whether to pay dividends to shareholders or not.

Despite the pressure and the looming ripple effects of an international financial crisis, a decision was made. BMO proceeded with the payouts. That was the start of a tradition that is continuing into the 21st century. There is no hint that BMO will ever break the tradition, and implementing a dividend cut is not a consideration.

BMO started paying dividends in 1829 but has been doing business since 1817, which makes it Canada's oldest bank.

Staying the course

BMO remain generous to shareholders, although maintaining an enduring record of dividend payments is not easy. Management needs to strike a balance between keeping the payout ratio to less than 50% and containing the prevailing industry headwinds.

Still, management is confident that BMO can continue to reward shareholders on the strength of its core business. The bank is staying the course, because it knows that investors place a high value on consistency.

BMO is financially healthy to sustain dividend payments during economic downturns or even a recession. Likewise, with the low payout ratio, the bank will have sufficient capital to reinvest for growth.

This fourth-largest bank in Canada is making strategic investments as part of its aggressive expansion program. The anticipated business growth will come from both the emerging and advanced markets BMO is targeting.

Demand for dividends

Life expectancy in Canada is lengthening, and therefore the demand for dividends is also increasing. BMO is the logical investment choice because of its insanely long history of dividend payments.

Over the next five years, the annual growth estimate for BMO is 5.05%. The 4.25% dividend the bank is currently paying can fund [20 years of retirement or more](#). You can rely on dividends without worrying about the unpredictability of the market. Also, you won't even find the need to dig into your retirement savings.

The bank has been paying dividends consistently amid crises such as the Great Depression, two World Wars, and the 2008 financial crisis. If you want assurance of steady dividend payments, why wouldn't you invest in BMO? Think about it. The tradition lives on!

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