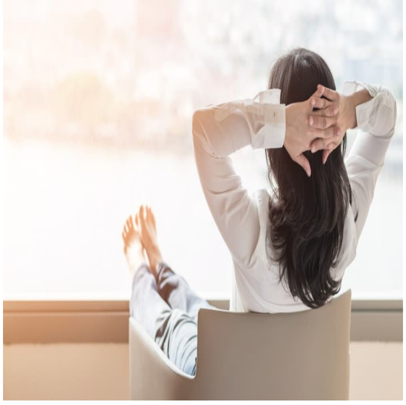

Passive-Income Investors: 2 Stocks to Hold for 20 Years

### Description

The plunge in both GIC rates and bond yields in 2019 is forcing income investors to seek out other options, including dividend stocks.



The challenge with investing in companies that offer above-average payouts is that the higher the yield gets, the riskier the investment becomes. When yields start to drift above 7%, the market is often signalling the anticipation of a cut in the payout. At the same time, investors who purchased the shares or trust units could be facing significant haircuts on their original capital position.

However, there are a number of top-quality Canadian companies that have strong businesses and offer above-average dividend yields while continuing to increase the payouts at at steady pace.

Let's take a look at two stocks that might be interesting picks right-now for a passive-income portfolio.

## TC Energy

**TC Energy** (TSX:TRP)(NYSE:TRP) is a major player in the North American energy infrastructure industry. The company is best known for its extensive natural gas pipeline assets that carry product from producers to their customers across Canada and throughout the United States. TC Energy has projects in Mexico as well, where strong opportunity exists for additional large projects as the country seeks to expand its gas infrastructure.

TC Energy also has oil pipelines. The largest project, Keystone XL, has run into extensive delays, and while ongoing challenges remain, the asset should eventually get completed on both sides of the border. This would provide a boost to cash flow that could result in an upgrade to targeted dividend hikes.

TC Energy's other businesses include power generation and natural gas storage.

The stock has enjoyed a nice rally in 2019, moving from $50 per share to the current price above $67. That's a big move, and investors who got in last year are enjoying great yield on the initial investment while now sitting on some good capital gains.

New investors can still book a 4.4% yield at today's price and sit back to collect average annual dividend increases that should be 8-10% over the medium term.

## BCE

**BCE** (TSX:BCE)(NYSE:BCE) is a much different company today than it was 30 years ago, but the appeal for income investors has not changed.

BCE's shift from being a bread-and-butter telephone company to a dynamic media and communications giant has resulted in big rewards for long-term holders of the stock.

BCE continues to invest billions of dollars to upgrade its wireless and wireline infrastructure as part of its bid to stave off competition and protect its wide moat. Running fibre to the doors of its residential and business clients is one way to ensure it keeps its customers happy while controlling the high-speed broadband connection that runs to the premises.

BCE is on target to generate a solid jump in free cash flow in 2019, and that should ensure another dividend increase next year of at least 5%, which is roughly the pace the company has followed in recent history. The increase might not be as big as you see at some other companies, but the reliability is difficult to beat and the yield remains attractive, despite the strong rally in the share price over the past year.



Investor who buy BCE today can pick up a 4.9% yield.

## The bottom line

TC Energy and BCE are industry leaders with strong businesses that continue to grow. Despite the rallies in the past year, these stocks should be solid picks for an income-focused portfolio.

**CATEGORY**

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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