



A Top Dividend Growth Stock That Should Pay You for the Rest of Your Life

Description

Investing in top-quality [dividend growth stocks](#) is a proven way to create wealth. The companies that reward their investors with higher payouts each year offer you a means to multiply your wealth without taking too much risk.

This investing strategy is particularly good for long-term investors looking to build their retirement income. There are three main reasons why I like this type of investing.

First, it's a great way to build savings for your nest egg. In today's environment many employers are phasing out pensions, contract work is on the rise, and interest rates are perpetually low – factors which combine to make it important for everyone to secure their own retirement incomes. A portfolio of dividend-growth stocks can provide safe retirement income that should keep up with inflation.

Second, companies that offer regular dividend hikes run mature and stable businesses. Rewarding investors on a sustained basis also tells us a lot about the management's long-term philosophy. These are companies that care about their reputation and want loyal investors. Through their long-term dividend plans, such companies attract large institutional investors looking for long-term, stable investments.

Third, regular increases in dividends also tell us about a company's ability to predict its future. It's highly unlikely that a reputable company begins paying a dividend and then decides to stop paying it the next quarter.

The Toronto-Dominion Bank

So, keeping these benefits in mind, I've picked **The Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) as my top pick if you plan to add a quality dividend growth stock in your portfolio. TD has a long history of rewarding investors and the lender has made its intentions public about future dividend hikes.

Among the top five Canadian banks, TD has a very attractive dividend policy, supported by strong growth momentum, and a significant retail banking operation in the U.S.

You may be surprised to know that TD has more retail branches in the U.S. than in Canada, with a network that stretches from Maine to Florida. In the most recent earnings report, TD said that the U.S. retail division posted a 13% growth in earnings to a record \$1.29 billion.

Overall, TD roughly generates about 30% of its net income from U.S. retail operations. The bank also has a 42% ownership stake in **TD Ameritrade** with a fast-expanding credit card portfolio.

After a 10.4% increase in its payout in February, income investors in TD stock now earn a \$0.74-a-share quarterly dividend, which translates into a 3.94% yield on yearly basis.

The bank is forecast to grow its dividend payout between 7% and 10% each year going forward — an impressive growth rate at a time when the 10-year government note is yielding less than 2%.

Trading at \$75.15, [TD stock](#) has delivered about 143% in total returns during the past decade, despite all the negative developments related to global trade, Canada's energy downturn, and the financial crisis of 2008.

Bottom line

If you're on the hunt for dividend stocks that could pay you for the rest of your life, you should definitely consider TD for its dividend growth and safety.

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1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

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