



## 2 Top Dividend Stocks That Just Raised Their Payouts

### Description

Dividend-growth stocks can generate a lot of income for your portfolio. Even if a company's payouts may not be significant today, if it continues increasing its dividend payments each year, that means that you will end up receiving more of your investment back in the form of dividends. And since the amount you invested doesn't need to change for your dividend income to increase, your effective yield has increased. Even a small rate of increase can be important every year to at least cover for the rate of inflation.

However, some of the top dividend stocks increase their payments by more than just a couple of percentage points. Below are two stocks that have terrific track records and that recently raised their dividend payments yet again.

**Canadian Tire** ([TSX:CTC.A](#)) has significantly increased its dividend in recent years, going from a very nominal payout to a very decent one that could attract many investors. The company recently released its third-quarter results, and with another strong performance, it has decided to reward its investors with another dividend hike. Quarterly payments of \$1.0375 would be increased by 9.6% to \$1.1375.

Five years ago, the company was paying its shareholders just \$0.525, meaning that dividend payments have more than doubled, increasing by a whopping 117%. That works out to an average increase of 16.7% every year. However, the latest increase is a bit more modest, and, especially as the yield gets bigger, large hikes in payouts will become less and less likely. With a share price of around \$150, the stock will now yield a little more than 3% per year. That's a decent dividend, and it could continue to grow, especially with Canadian Tire producing some strong results.

Its recent acquisition of [Party City](#) should give the company another great way to achieve more growth, and that could help pad both its top and bottom lines, potentially resulting in even more dividend hikes along the way.

**Telus** ([TSX:T](#))([NYSE:TU](#)) is another company that investors know well for its dividend. While the stock generally doesn't produce much in the way of capital gains for investors, with its share price rising just 15% in five years, it makes up for that with a strong, growing dividend.

The telecom giant recently released its quarterly results as well. And although its profits decreased from the prior year, Telus still went ahead and decided to increase its dividend payments. Shareholders will now receive quarterly payouts of \$0.5825 — an increase of 3.6% from its most recent dividend payment of \$0.5625. If we go back five years, Telus was paying \$0.40 every quarter, which means dividends have increased by 46% during that time, equating to a compounded annual growth rate of 7.8%. However, that rate has looked to have come down as well.

At a share price of \$49, that would mean Telus is paying approximately 4.8% per year — a significantly higher dividend than Canadian Tire is paying today. While Telus's dividend is growing at a slower rate, it'll likely remain the higher-paying stock for a long time. Nonetheless, both stocks are great options for dividend investors, especially those looking for stocks to put in their [TFSAs](#).

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djagielski

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