

## Here's How Much Dividend Income a \$10,000 Investment in BCE Stock (TSX:BCE) Can Generate for You 10 Years From Now

### Description

One of the biggest advantages of investing in dividend stocks that grow their payouts over the year is that you'll be earning a lot more from your initial investment years down the road. A good example of a stock that pays and increases dividends regularly is **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)).

Currently yielding around 5% in dividends, BCE is already a top dividend stock to own that can add a good chunk of cash to your portfolio. But what makes the stock an even more attractive buy is that BCE has routinely increased its dividend payments over the years. Five years ago, BCE was paying its shareholders a quarterly dividend of \$0.65 and that has increased to \$0.8325 today. That's a 28% increase over that time, for a compounded annual growth rate of 5.07%.

### How much will you earn from the dividend in 10 years?

Today, a \$10,000 investment in BCE would be enough to earn you about \$516 annually if you bought the stock at \$64.50. If the company were to continue raising its dividend payments at a rate of 5.07% per year, here is how those dividend payments would look like over the next 10 years:

Year	Quarterly Payment	Annual Dividend Payment	% of Original Investment
0	\$0.83	\$516.28	5.16%
1	\$0.87	\$542.48	5.42%
2	\$0.92	\$570.00	5.70%
3	\$0.97	\$598.92	5.99%
4	\$1.01	\$629.31	6.29%
5	\$1.07	\$661.24	6.61%
6	\$1.12	\$694.79	6.95%
7	\$1.18	\$730.04	7.30%
8	\$1.24	\$767.08	7.67%
9	\$1.30	\$806.00	8.06%
10	\$1.37	\$846.90	8.47%

By the end of year 10, your dividend payments will have grown to nearly \$850 per year, meaning you're earning more than 8% on the initial \$10,000 that you invested in.

While some of this purchasing power will be eroded away by inflation, investing in BCE still puts investors in a much better situation than investing in stocks that don't increase their payouts at all. And

if BCE continues to increase its dividends for even more years, then the potential dividend income will become even larger.

However, one important thing investors shouldn't forget to consider in all this is that BCE's stock is likely to rise in value as well, giving investors the ability to benefit from not only [dividend income](#) but capital gains earned along the way as well. Over the past five years, shares of BCE are up around 19%.

The company is a giant in the telecom industry and with many different businesses in its portfolio, including media brands like CTV and TSN, there's still a lot of room for growth. It's also battling **Netflix** for subscribers with its CraveTV streaming service.

## Is BCE the perfect fit for a TFSA?

For long-term investors, putting BCE stock into a tax-free savings account (TFSA) can be an easy decision to make. The company is not in any danger of going anywhere and it remains one of Canada's most iconic brands. And with a [growing dividend](#), there's a lot of incentive to simply buy and hold on to shares of BCE for years and years. Since the payouts will likely only get bigger over time, the income will only get bigger. And inside of a TFSA, those earnings will all be tax-free.

The one caveat for investors, however, is that dividends are not always a guarantee. Although BCE has paid dividends for years and it's increased payouts, there's no obligation or guarantee that it will continue and so there always will be a little risk involved. That being said, BCE's still one of the safer and more reliable dividend stocks that you can invest in today.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

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