3 Top Dividend Stocks That Could Pay You the Rest of Your Life

Description

In a market badly hurt by the coronavirus pandemic, long-term investors are looking for top dividend stocks that could pay income regularly.

That search, however, may not be easier with major parts of the economy grinding to a halt and with little visibility on how long the shutdown will last. While it's very important for you to identify top dividend stocks that are cheap and good income providers, you shouldn't try to catch the falling knife and buy risk stocks which have no choice but to cut their dividends going forward.

Below, I have identified three top dividend stocks from Canada which are less risky and have an excellent track record of paying dividends.

TD Bank

There is no doubt that the current health crisis has shaken almost every sector of our economy, putting our top lenders in a weak position, as they are the first to feel the heat when the economy takes an ugly turn.

But for dividend investors, this low time is a good opportunity to take a long-term position and earn stable income. Canada's top lenders have been very consistent in rewarding investors through steadily growing dividends.

They spend about 40-50% of their income paying dividends. Such predictability is unique and makes them very attractive targets for income-seeking investors.

Among the top five Canadian banks, I particularly like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). The lender has a very attractive dividend policy supported by strong growth momentum, and TD's significant retail-banking operation in the U.S.

Trading at $55.08, TD stock now yields 5.8%, paying $0.79 a share quarterly payouts. TD is a solid dividend stock to buy and hold to earn steadily growing income.

Canadian National Railway

Canadian National Railway Co. (TSX:CNR)(NYSE:CNI) stock is one of my favourite picks from the Canadian dividend space. The company is ideally positioned to take the full advantage of a rebound in the economic activity once the coronavirus pandemic is contained.

CNR runs a 19,600-mile rail network spanning Canada and mid-America, connecting the Atlantic, the Pacific, and the Gulf of Mexico. This wide economic moat makes CNR a top dividend stock with the power to defend its business, while continuing to pursue growth.

Trading at $108.31 a share and with a 12-month trailing price-to-earnings multiple of 18, CNR stock looks expensive. But I think investors will get a better entry point in the next three to six months. Yielding 2.14%, CNR pays $0.575 a share quarterly dividend.

Over the long run, however, its robust cash flows, dominant market position, and solid history of paying dividends are some of the qualities that make it a solid dividend stock to have in your portfolio.

BCE Inc.

Canada's largest telecom operator, BCE Inc. (TSX:BCE)(NYSE:BCE) is one of the top dividend stocks to consider if you're looking for a stock to earn a regular income stream. Large telecom utilities are generally considered defensive plays during the times of extreme economic downturn such as the one we're going through now.

BCE offers diversified services, including wireless, home internet, and media operations. These services are the last to go through a spending cut as they are considered essential services. That stickiness provides stability to the cash flows of utilities, making them perfect defensive stocks.

Going forward, BCE should experience strong growth in subscribers as the telecom utility prepares to launch its fifth generation (5G) of services. BCE plans to deliver initial 5G service in urban centres across Canada this year, as 5G smartphones come to market.

Trading at $56.96 at writing, BCE stock now yields 5.83% and it pays $0.8325 a share quarterly dividend.

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