



## A Top Dividend Stock to Buy in August

### Description

Buying top-quality [dividend-growth stocks](#) is a proven strategy to grow your savings. The companies that reward their investors with higher payouts each year offer you an avenue to multiply your wealth in a low-rate environment.

This investing strategy is particularly good for long-term investors looking to build their retirement income. Below, I'll explain why I like this type of investing for serious investors.

### Three top reasons to buy dividend stocks

First, dividend stocks are an easy 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.

These changing dynamics make it important for everyone to secure their own retirement and learn how to invest for income. 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 regularly also tells us a lot about the management's long-term philosophy.

These are the 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, and most importantly, [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.

## Why Toronto-Dominion Bank?

So, keeping these benefits in mind, I believe **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) stock is the right choice if you plan to buy a top dividend-growth stock today

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.

With the COVID-19 pandemic, TD Bank's earnings are under pressure due to the rising bad loans. But, in my view, this is the best time to buy TD stock cheap and earn a higher dividend yield.

Trading at \$59.64 and with an annual dividend yield of 5.3%, TD stock is more than 20% cheaper than it was a year ago. After a 7% increase in its payout this year, TD stock now pays a \$0.79-a-share quarterly dividend.

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 1%.

Despite all the negative developments related to global trade, Canada's energy downturn, the financial crisis of 2008, and now the COVID-19 pandemic, TD has continued to pay dividends.

## Bottom line

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

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

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**Date**

2025/09/27

**Date Created**

2020/07/29

**Author**

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