2 Dividend Stocks That May Never Cut Their Payouts

Description

Dividend stocks are a great way to get rich. Due to their lower volatility, they're also a great way to *stay* rich.

As with anything, dividend stocks are not built equal. Some have high payouts, but within a month, the dividends could be slashed. What good is an initial yield if it drops dramatically soon after you buy it?

When looking for potential investments, don't just focus on the initial income. Always keep an eye on its sustainabilityas well as its long-term growth.

If you do it right, you never need to sell your dividend stock picks. You can buy and hold them forever. That's exactly what market gurus like Warren Buffett advise.

If you want permanent income, check out the two dividend stocks below.

Built to last

Hydro One (TSX:H) operates one of the most reliable business models in Canada. Its dividend isn't overly impressive at 3.7%, but you'll be ecstatic to own this stock during a bear market. Plus, there should be plenty of long-term growth.

Hydro One was established over a century ago to operate the transmission lines that transfer electricity from Niagara Falls to local utilities for delivery to the end user.

From the beginning, it was destined to be a middleman business. It doesn't produce power, nor does it have residential or commercial customers. All it does is own the power lines in between these users. This is the secret behind the stability of its dividend.

Electricity consumption is incredibly stable year to year, even during a recession. The COVID-19 pandemic saw a brief dip in demand, but in the long term, power usage should continue unabated. Plus, prices are heavily regulated, dictated by the government years in advance. This limits upside but ensures the company steady profits no matter where the economy goes.

Over the next five years, Hydro One aims to grow its rate base by 5% annually. Adding the dividend yield means investors should expect a reliable annual return of around 10%.

If you're worried about the future, this income stock is as safe as they get.

Grow your dividends

Want a dividend stock with a bit more growth? **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) is your best bet.

As its name suggests, Brookfield owns renewable energy projects. The sun and wind vary on a minute-by-minute basis, but over a period of months or years, production is highly visible. And because production costs are close to zero, cash flows are high and predictable.

Right now, Brookfield stock delivers a dividend yield of 3.9%. That's a bit higher than Hydro One, and in the future, expect the gap to widen further. That's because Brookfield is benefiting from a huge secular growth market. Around $1.5 trillion in capital was deployed to renewable energy assets over the last five years. Over the next five years, investment will more than *triple*.

The global transition to renewable energy has just begun. The reliable economics of the industry help fuel an initial 3.9% dividend yield, but for buy-and-hold investors, there are few dividend stocks with more long-term upside potential.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:H (Hydro One Limited)

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