3 Worry-Free Dividend Stocks to Invest $1,500 Right Now

Description

The disruption from the coronavirus and uncertain economic outlook suggest that investors should be careful before chasing higher yields, as there are chances that a company could suspend or cut dividends. However, a few stocks offer worry-free dividends, thanks to their resilient business, high-quality earnings, and growing cash flows.

So, if you have $1,500 to invest and are looking for steady income, consider buying these super-safe dividend-paying stocks.

Fortis

With a track record of increasing its dividends for 46 uninterrupted years, shares of the utility giant **Fortis** (TSX:FTS)(NYSE:FTS), should be on the radar of every income-seeking investor. The company's low-risk and rate-regulated business generate predictable cash flows, which implies that its payouts are very safe.

The company derives about 99% of its earnings from the regulated utility business, which is encouraging. Moreover, its investments in renewable power and infrastructure to continually expand and diversify its revenue base, strategic acquisitions, and cost-control measures could bolster its growth further and support its cash flows and payouts.

Fortis expects its rate base to increase at a compound annual growth rate (CAGR) of 6.5% to 38.4 billion by 2024. Meanwhile, it projects its annual dividends to grow at an average rate of 6% over the next four years.

With its high-quality earnings, investors can expect worry-free dividends from Fortis in the coming years. Currently, Fortis offers are a dividend yield of 3.7%.

TC Energy

Next up is **TC Energy** (TSX:TRP)(NYSE:TRP). The company's diversified high-quality assets, strong financial discipline, and robust cash flows ensure that its payouts are safe and continue to grow. Over the years, its asset base has grown from $25 billion to $100 billion. At the same time, TC Energy has increased its annual dividends to $3.24 per share in 2020 from $0.80 per share in 2000.

TC Energy's business remains relatively unaffected, despite the disruption from COVID-19, as reflected through the higher utilization levels. Meanwhile, the company derives nearly 95% of its comparable EBITDA from the regulated assets and from businesses with long-term contracts, which eliminates the risk of short-term volatility related to commodity prices and volume throughput.

The company's $37 billion of secured growth projects and complementary infrastructure assets are likely to support its future dividend growth and payouts. With its predictable and growing cash flows and resilient business, TC Energy projects 8 to 10% growth in its dividends. Also, the company expects a 5-7% increase in dividends after 2021.

With a quarterly payout of $0.81, TC Energy stock currently offers a dividend yield of 5.4%.

Emera

When it comes to safe and growing dividends, **Emera** (TSX:EMA) is another top stock investors can consider buying. The utility company derives about 95% of its earnings from the high-quality rate-regulated assets, implying that its payouts are very safe.

Moreover, its strong rate base growth suggests that its dividends are likely to increase at a healthy pace in the coming years. Emera projects its rate base to grow at a CAGR of 8.2% till 2022. Meanwhile, it expects its dividends to increase by 4-5% annually during the same period.

Currently, Emera pays a quarterly dividend of $0.61, which implies an annual dividend yield of 4.5%.

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