3 TSX Stocks for a Lifetime of Growing Passive Income

Description

It's possible to live off dividends. However, it requires a nest egg that is large enough to deliver consistent dividend income, which will easily cover your expenses without touching the capital. Even if you don't have a large amount of cash to invest upfront, worry not. A consistent investment in top dividend-paying stocks could help create a nest egg that will be big enough to generate ample dividend income over time.

We'll focus on three **TSX**-listed companies with strong fundamentals and payouts that are very safe and sustainable. These TSX stocks are reliable bets to generate a passive income that keeps on growing.

A dividend king

Canadian Utilities (TSX:CU) can be easily called a dividend king thanks to its longest history of uninterruptedly increasing its dividends. To be precise, Canadian Utilities has consistently raised its common share annual dividend for 48 years in a row — the highest by any publicly listed Canadian company.

The reason behind its robust dividend payments is its high-quality earnings base supported by rate-regulated utility assets. Canadian Utilities's 95% of the earnings come from the regulated utility business. Meanwhile, the rest is derived from assets with long-term contracts.

Over the years, Canadian Utilities has invested billions of dollars in the regulated utility assets, which is driving its high-quality earnings base and is likely to support future dividend payments. Moreover, it also lays a solid foundation for the company to increase its annual dividend consistently. Canadian Utilities stock offers a high dividend yield of 5.4%, which is safe.

Another utility giant

Like Canadian Utilities, **Fortis** (TSX:FTS)(NYSE:FTS) stock is another reliable bet to generate safe and growing dividend income. Fortis has been consistently paying dividends for a long period and has raised it in the past 47 consecutive years, which indicates the strength of its sustainable earnings.

Fortis's 99% of the earnings come from regulated utility assets, which generates predictable and growing cash flows. Meanwhile, the company projects its rate base to increase by $10 billion over the next five years, which is likely to drive its future dividends.

Also, Fortis's expansion of its renewable power business, investments in infrastructure, and strategic acquisitions position it well to deliver robust returns in the coming years. Fortis expects annual dividend growth of 6% over the next five years and offers a yield of 3.8%.

A leading Canadian lender

Investors could easily rely on the shares of **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) to generate a growing passive income. Bank of Nova Scotia has paid dividends since 1833, which is encouraging. Its dividends have increased in the past 43 out of the 45 years.

Bank of Nova Scotia's diversified business spread across multiple geographies, and continued strength in the core markets drives its earnings and dividends. The continued momentum in loans and deposits volume and an expected decline in provisions for credit losses are likely to support its future payouts.

Bank of Nova Scotia's dividend is growing at a compound annual growth rate of 6% since 2009. Meanwhile, with the uptick in economic activities and its high-quality earnings base, Bank of Nova Scotia's dividend could continue to increase at a similar pace in the coming years. Shares of Bank of Nova Scotia currently offer a dividend yield of over 5.6%.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:FTS (Fortis Inc.)

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