3 TSX Stocks for a Passive Income That Keeps Growing With You

Description

Investing in top dividend stocks could help create a passive-income stream that could keep growing with you. A few TSX-listed companies have businesses that remain immune to economic shocks and generate sustainable cash flows that drive their dividend payments.

We'll focus on three top Dividend Aristocrats that could continue to increase their future dividends at a decent rate and generate steady passive income irrespective of where the market goes.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is a reliable bet to generate a growing passive-income stream , thanks to its high-quality assets and diverse revenue streams. TC Energy performed exceptionally well amid the COVID-19 pandemic, thanks to businesses that are either regulated or have long-term contractual arrangements.

Despite the disruption from coronavirus, TC Energy remained immune to the volatility in commodity prices and volume throughput. Moreover, its asset utilization rate remained at the historical levels, which is incredible and signifies the strength of its core business.

Thanks to its stable business, TC Energy has consistently boosted its shareholders' returns over the past two decades. It has increased its dividend at a high-single-digit rate and delivered an average annual total shareholder return of 12% during the same period.

The company's low-risk business, $102 billion in assets, and favourable long-term industry fundamentals should drive its future dividends. TC Energy projects 8-10% annual growth in its dividend for 2021. Meanwhile, it expects 5-7% growth in its annual dividends post 2021.

Emera

Emera (TSX:EMA) is another top-quality stock to rely on for steady passive income. The company derives most of its earnings (about 95%) from regulated assets, which implies that its quarterly dividend payments are safe and could continue to increase in the future.

Emera has increased its dividends at a compound annual growth rate of 6% since 2000. Meanwhile, it has delivered an average annual total shareholder return of 12.4% over the past two decades.

The utility company expects its rate base to increase by 8% annually through 2022 and projects a dividend growth of 4-5% annually during the same period. Its high-quality assets, decent rate base growth, and favourable client mix positions its well to continue to deliver consistent dividend growth in the coming years.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock should be on your buying list if you are eyeing steady passive income. The utility company generates almost all of its earnings from the regulated utility assets and is among the TSX's safest bet.

Fortis's average annual total shareholder return stands at 14%. Moreover, it has increased its dividends for 47 years in a row. Notably, Fortis expects its rate base to increase by a CAGR of 6% through 2025. Meanwhile, its annual dividend is expected to grow at a similar rate during the same period.

Fortis's continued investment in regulated assets, expansion of renewable power business, and accretive acquisitions are likely to continue to fuel its growth and help it to outperform the broader markets.

Bottom line

The dividends of these TSX stocks are safe and could continue to increase in the coming years. A $10,000 investment in each of these stocks would result in a passive income of $1,427 per year, which could continue to increase in the future.

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