2 Dividend Aristocrat Stocks That Could Pay You Forever

Description

Lots of people venture into the stock market to buy dividend stocks to create passive income. If the payouts are recurring, you can even amass significant wealth over time. However, if you want the income stream to be lasting, if not forever, not all dividend payers can fulfill your wish.

The **Toronto Stock Exchange** (TSX) is home to several publicly-listed companies that attract investors for their dividend offers. Last year was not pretty because some established dividend stocks had to stop or slash dividends due to COVID-19. Businesses soured that it was necessary to preserve cash and protect the balance sheet.

In a catastrophic event like the global pandemic, some companies will prove their resiliency and stand out to income investors. The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) endured the impact, as did telco giant **BCE** (TSX:BCE)(NYSE:BCE). Both companies are Dividend Aristocrats that could pay you forever.

No-brainer long-term hold

Toronto-Dominion Bank is a no-brainer buy not only for its outstanding dividend track record, but also for its ability to rise above adversity. In the 2008 financial crisis, this $136.93 billion bank was the only company that reported revenue and profit growth. For would-be investors, TD pays a 4.16% dividend. The bank has been paying dividends since 1857 or 163 years.

In fiscal 2020 (year ended October 31, 2020), Canada's second-largest bank reported $11.89 billion in net income, a 1.79% increase versus fiscal 2019. TD's financial results were stellar, considering the $7.2 billion provision for credit losses that increased by 139% compared to the previous year.

The financial side is just one of the key strengths of TD, especially during the pandemic. Its strong digital foundation won the bank several honours. According to mobile data and analytics platform App Annie, TD is the top banking app (January to June 2020) among the leading banks in the Canadian market.

Comscore also reports that TD obtained the highest digital penetration (July to September 2020) in Canada. Chief Digital and Payments Officer Rizwan Khalfan said TD would support its clients as the needs evolve and continue to innovate in ways that will create seamless customer experiences across all channels.

Enduring dividends

BCE maintained its strong financial position despite the challenging environment. The 3.8% and 17.0% drop in operating revenues and net earnings in 2020 versus 2019 is certainly not cause for alarm. Management did not suspend or reduce dividends. Currently, BCE pays a high 6.31% dividend.

The $50.18 billion owner of Bell Wireless, Bell Wireline, and Bell Media forecast revenue growth of between 2% to 5% in 2021. It also estimates the same percentage growth in adjusted EBITDA. Free cash flow is projected to $2.8 billion to $3.2 billion.

BCE's plan this year is to help drive Canada's social and economic recovery. The company will accelerate spending by at least $1 billion over the next two years and deliver fibre connections, rural Internet services and the fastest 5G network. Aside from the dividend hikes over the last 11 years, the telco stock is a recession-resistant asset. The payouts should therefore endure for decades.

Great anchors

Living off dividends is not a fairy tale if you own Dividend Aristocrats capable of paying you forever. Toronto-Dominion Bank and BCE are leaders in their respective industries. Both are great anchors in your investment portfolio.

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