3 Top Dividend Stocks to Buy Now and Hold for Decades

Description

Top dividend stocks can help Canadian investors build Tax-Free Savings Accounts (TFSA) and RRSP wealth for their retirement years. While the overall stock market appears expensive right now, some of Canada's best dividend stocks look cheap.

Why Fortis stock is an attractive dividend pick

Fortis (TSX:FTS)(NYSE:FTS) owns and operates utility businesses in Canada, the United States, and the Caribbean. The companies get most of their revenue from regulated assets. This is important for income and other dividend investors who rely on steady and growing payouts.

Fortis grows through strategic acquisitions and organic projects. The current $19.6 billion capital program should support annual average dividend growth of 6% through 2025. That's great news for investors who use their distributions to buy more shares inside their TFSA or RRSP accounts.

The stock looks cheap right now near $52 per share. Fortis traded as high as $59 in 2020. Investors who buy at the current level can pick up a 3.9% dividend yield with strong payout increases on the way.

Fortis tends to be a great stock to buy on a market pullback. A $10,000 investment in Fortis 20 years ago would be worth about $115,000 today with the dividends reinvested.

TC Energy is a top dividend stock for TFSA and RRSP investors

TC Energy (TSX:TRP)(NYSE:TRP) operates more than $100 billion in energy infrastructure and power production assets. The natural gas transmission network includes more than 90,000 kilometres of pipeline infrastructure that carries 25% of the natural gas used in North America. TC Energy also has more than 650 billion cubic feet of natural gas storage capacity.

The company delivered solid Q4 2020 results and has a $20 billion secured capital program through 2024. This should support annual dividend increases of 5-7% over the medium term.

TC Energy's stock trades near $58 compared to $75 before the pandemic. Investors can pick up a 6% dividend yield and simply wait for the shares to drift higher.

BCE remains a great dividend stock to own for decades

BCE (TSX:BCE)(NYSE:BCE) changed significantly in the past 20 years. The company made a major shift to mobile and entered the media business. The TV, radio, and sports assets took a beating last year due to the pandemic, but the division is a small part of BCE's overall revenue stream and should bounce back in the second half of 2021.

BCE generates solid free cash flow to support the generous dividend. Investors should see the payout increase by a steady 4-5% per year. Growth opportunities should emerge through the expansion of the 5G network.

In addition, BCE has the power to raise prices for its services when the company decides it needs some extra cash to fund the capital programs.

The stock trades near $58 compared to a high of $65 before the pandemic. Investors can pick up a reliable 6% yield and simply tuck the stock away for years.

The bottom line

Fortis, TC Energy, and BCE all appear cheap right now and pay attractive dividends that should continue to grow for decades. If you have some cash sitting on the sideline in a TFSA or RRSP portfolio, these stocks deserve to be on your radar.

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