



2 Buy and Hold Forever Dividend Stocks for Passive Income

Description

There are good reasons why dividend investing is so popular. First, it's easy to understand. You buy shares of quality dividend stocks that pay safe (and ideally growing) dividends.

Second, you can take a more passive investing approach when investing in solid dividend stocks. That is, you can keep buying the shares when they're reasonably (but ideally attractively) priced and hold them forever for passive income.

There are tonnes of books on the subject that you can read about. Here are a couple of current examples of dividend stocks that you can buy and hold forever for passive income.

TELUS stock

TELUS ([TSX:T](#))([NYSE:TU](#)) is one of the big three telecoms in Canada. A growing population is a tailwind for the stock. For example, in Q1 2021, its total subscriber connections increased by 5.5% year over year.

For Q1 2021, it reported an 8.9% increase to \$4.0 billion for its consolidated operating revenues and other income versus Q1 2020. Its adjusted EBITDA, a cash flow proxy, climbed about 1.9% to approximately \$1.5 billion.

Particularly, its TELUS Health services and **TELUS International** ([TSX:TIXT](#))([NYSE:TIXT](#)) operations are key growth areas. In the quarter, management stated, "TELUS Health services revenue was up a robust 10%, driven by accelerated demand [during the pandemic] for virtual care, which has seen Canadian members nearly triple over the past 12 months to 2.0 million, reducing exposure and delivering improved health outcomes."

Its TELUS International business saw continued strong momentum. TELUS expects an impressive year from it, "...reflecting contributions from acquisitions, as well as strong organic customer growth."

Specifically, TELUS International is "...targetting double-digit revenue and EBITDA growth, showcasing

the significant global opportunities it has to drive digital transformation journeys for its existing and prospective clients, and enable them to more quickly embrace next-generation digital technologies to deliver better business outcomes.”

As a result, TELUS is a diversified business that pays a solid dividend. Currently, at \$26.18 per share, it offers a yield of 4.8% and is discounted by nearly 12% based on the analyst consensus price target.

[TELUS stock](#) offers a generous yield because it just increased its quarterly dividend by 8.6% year over year, equating to an annualized payout of \$1.2648 per share. So, every 100 TELUS shares will pay \$126.48 of passive income a year for starters.

Fortis stock

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) stock is another diversified and defensive business you can consider for growing passive income. Talk about a very defensive and growing dividend! In only a few years, Fortis stock would have a dividend growth streak of 50 years!

Over the years, Fortis’s business has become more diversified geographically and across different regulatory bodies. Its most recent key acquisition was ITC Holdings, which is the largest independent electricity transmission company in the United States.

ITC is regulated by the Federal Energy Regulatory Commission (FERC) and owns and operates high-voltage power transmission systems in about seven states.

The low interest-rate environment is helping Fortis in allowing it to have a lower cost of borrowing. It recently offered \$500 million senior unsecured notes due in seven years for an interest rate of 2.18%. That’s a smaller passive income than its 3.7% dividend yield.

Understandably, in the financial world, owning a piece of a company by buying its common stock is perceived as riskier than lending money to that corporation. However, you’re pretty much guaranteed greater purchasing power by buying and holding Fortis stock for a long time — particularly if you buy it when it’s [on sale](#).

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Date

2025/08/26

Date Created

2021/05/16

Author

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