



2 Great Dividend Stocks for a Lifetime of Passive Income

Description

Once upon a time, rental properties were the go-to asset class for people who wanted to start reliable passive income that could last them for a lifetime. But even though real estate is a highly reliable asset class, it has certain weaknesses. A high barrier to entry and the active nature of the passive investments are two reasons why you might consider a different asset class.

Stocks, especially dividend stocks, provide a much more viable alternative. They don't require active management, and if you choose the right companies, that is, financially stable and expected to stay that way, you might start a passive income that can last you a lifetime.

A telecom company

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is having [a difficult time](#) recovering to its pre-pandemic valuation, but what is a curse for investors seeking capital growth might be the boon for investors looking for a generous yield. BCE is currently offering a juicy yield of 5.87%. The payout ratio is quite high, but the company's financials have started to recover, and it has adequate free cash flow to cover the dividends.

The company has been growing its dividends for the past 12 years, and the growth has been more than just symbolic. Between 2017 and 2021, the telecom giant of Canada has grown its payouts by about 22%. If you can lock in this yield and invest a decent amount, say \$50,000 in this Dividend Aristocrat, you can start a passive income of over \$2,935 a year. For many households, it would like one month's additional salary.

If you keep this investment in your Tax-Free Savings Account (TFSA), you can cash in the dividends. In an RRSP, you can use the funds to invest in other companies/assets.

A REIT

Few sectors saw as many dividend cuts last year as the real estate. Many REITs slashed their payouts, but **SmartCentres** ([TSX:SRU.UN](#)), one of [the Dividend Aristocrats](#) in the sector, wasn't one

of them. The REIT is currently offering monthly payouts of about \$0.1542 per share, which translates to a mouthwatering yield of 6.3%. With \$50,000 invested in the company, you can start a passive income of \$3,150 a year.

It's important to note that SmartCentres didn't raise its dividends in 2020 and in 2021 thus far, but if it wants to continue its dividend growth streak, the REIT will have to grow its payouts within the year. It might be difficult considering that the REIT is currently suffering from one of the worst payout ratios in the past five years, but the REIT has a strong enough presence to turn things around.

Foolish takeaway

Creating a lifetime passive income through a Dividend Aristocrat is beneficial for another reason. Even if the payouts grow slowly, if there *is* growth, the chances that this passive income can stay ahead of inflation are relatively high. Both of the Dividend Aristocrats mentioned above are well positioned in their respective industries, and neither is in danger of suffering from a major financial deficit in the near future.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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1. Business Insider
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