3 of the Best Canadian Dividend Stocks for a Lifetime of a Passive Income

Description

If you are eyeing a steady passive income for a lifetime, consider buying top dividend-paying Canadian stocks right now. Many of the best Canadian dividend stocks offer decent yields at the current levels. Moreover, their payouts are safe and sustainable in the long run.

So, if you want to generate a regular and predictable passive income for a lifetime, consider buying **Bank of Montreal** (TSX:BMO)(NYSE:BMO), **Fortis** (TSX:FTS)(NYSE:FTS), and **Enbridge** (TSX:ENB)(NYSE:ENB) stocks. Further, I would suggest investors to invest in these best Canadian dividend stocks through their Tax-Free Savings Accounts to generate a passive income that cannot be taxed.

Bank of Montreal has paid a dividend for 192 years

The Canadian banking giant is one of the most reliable bets to generate consistent passive income. It has the longest-running dividend payment record (it's paid dividends for 192 years in a row). Meanwhile, its dividend has increased at a CAGR of 6% in the last 15 years.

The bank's diversified business, ability to drive volumes and operating leverage help it to deliver solid earnings growth and enhance the long-term value of its shareholders. I believe the continued momentum across its businesses, solid credit performance, and expense management position it well to deliver healthy growth in its earnings. Bank of Montreal expects its future earnings to increase by 7-10% annually in the coming years, which provides a solid foundation for dividend growth in the future.

Bank of Montreal offers a dividend yield of 3.3% and trades at a P/B ratio of 1.6, which is well within reach and is lower than most of its peers.

Fortis raised its dividend for 47 years in a row

Fortis is another reliable Canadian stock to generate a lifetime of passive income. The company has consistently delivered superior total shareholder returns over the past several years. Its low-risk and diversified utility assets deliver resilient cash flows that drive its dividend.

Notably, the company consistently increased its dividend for 47 years and could continue to hike it further at a decent rate, thanks to its predictable cash flows and growing assets base. I believe rate base growth, increased retail electricity sales, and focus on driving down operational costs could continue to drive its earnings and, in turn, its dividend. Further, an increase in renewable power-generation capacity and strategic acquisitions could boost Fortis's growth rate.

The company expects a 6% annual increase in its dividend over the next five years, reflecting a $10 billion growth in its rate base. Fortis pays a quarterly dividend of $0.505 a share, translating into a yield of 3.6%.

Enbridge's dividend is growing at a CAGR of 10%

The energy infrastructure giant is one of the best Canadian companies to generate a lifetime of passive income, and there are good reasons for that. Enbridge's diverse cash flow sources and contractual framework help it to deliver robust and resilient cash flows that drive its higher dividend payments.

Notably, Enbridge has raised its dividend at a CAGR of 10% since 1995, which is the highest among its peers. Further, it has paid dividends for more than 66 years and remains on track to consistently enhance its shareholders' returns in the coming years. The positive long-term energy outlook, Enbridge's gradual transition to a low-risk utility-like business, momentum in the core business, multi-billion-dollar secured capital growth program, and productivity and cost-saving initiatives augur well for future growth.

With its forward EV/EBITDA multiple of 12.2 and a dividend yield of 6.9%, Enbridge is an attractive long-term bet.

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3. NYSE:FTS (Fortis Inc.)
4. TSX:BMO (Bank Of Montreal)
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