



4 Top Income Stocks to Buy and Hold Forever

Description

If you are eyeing steady income alongside solid long-term growth prospects, consider adding the shares of top-quality dividend-paying companies. Notably, top dividend-paying companies generate resilient earnings and cash flows that support higher payouts and drive their stock price.

With reliable dividend stocks in the backdrop, I have zeroed in on the four best Canadian [dividend stocks](#) that have consistently paid regular dividends for a very long time. Moreover, their high-quality earnings base and sustainable payout ratio indicate that investors can buy and hold these to generate a growing income stream.

Toronto-Dominion Bank

Speaking of top-quality dividend stocks, consider adding **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) to your portfolio. The Canadian banking giant has paid dividends for 164 years. Meanwhile, it has raised it at a compound annual growth rate (CAGR) of 11% (the highest among its banking peers) in the last 25 years. Currently, it pays a quarterly dividend of \$0.79 per share, translating into a decent yield of 3.7%.

Thanks to its solid earnings potential, I expect Toronto-Dominion Bank to continue to pay increased dividend payments in the future. Furthermore, the bank's diversified business, robust balance sheet, and solid credit performance will likely drive its financial performance. Also, the expected increase in loan volumes, higher deposits, lower provisions, and expense management are likely to boost its earnings and dividend payments.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is another top stock for a growing dividend income stream. The company has consistently delivered solid earnings and cash flows that supported double-digit dividend growth in the last decade. To be precise, the utility company has hiked its dividends at a CAGR of 10% in 11 years. Furthermore, it offers a healthy yield of about 4.2% at current price levels.

Looking ahead, Algonquin Power & Utilities' low-risk business and regulated utility assets could continue to drive its earnings and help the company to reward its shareholders with higher dividend payments. Its long-term power-purchase agreements, rate base growth, strategic acquisitions, and robust opportunities in the renewable business could bolster its growth rate and support future dividend payouts.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) is another [solid dividend stock](#) that investors can consider buying at current levels. Notably, it has increased its dividends for 49 consecutive years (the highest among all the publicly traded Canadian companies). Moreover, it offers a juicy yield of over 5%.

The company's regulated assets could continue to generate predictable cash flows, which in turn, positions it well to bolster its shareholders' returns through increased dividend payments. Its continued investments in regulated and contracted assets will likely drive its high-quality earnings base and support its future dividend payments. Moreover, a steady recovery in its energy infrastructure business and cost efficiencies should cushion its profits.

Fortis

Like Canadian Utilities, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) believes in rewarding its shareholders with higher dividend payments. Fortis uninterruptedly hiked its dividends for 47 years in a row, thanks to its rate-regulated assets and growing rate base. Currently, it offers a quarterly dividend of \$0.505 a share, translating into a yield of 3.5%.

Fortis's diversified assets and rate base growth provide a solid foundation for steady earnings growth, in turn, its dividends. Moreover, it projects its annual dividend to grow by a CAGR of 6% through 2025. Meanwhile, its continued investments in infrastructure, focus on renewable power business, and inorganic growth opportunities position it well to deliver high-quality earnings.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)

4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:CU (Canadian Utilities Limited)
6. TSX:FTS (Fortis Inc.)
7. TSX:TD (The Toronto-Dominion Bank)

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