



2 Great Stock Investments if You Like Dividends

Description

Savvy young investors are quickly learning the benefits that come with setting aside money for savings and investing it in assets that can provide them with substantial returns for a sizeable retirement nest egg. One of the best ways to put your money to work and generate more revenues for you is by investing it in income-generating assets.

Buying and holding the right dividend stocks for this purpose can provide you with significant wealth growth in the long run. You can use the dividend income to grow your account balance with all the extra cash. Reinvesting the dividend income to buy new shares of income-generating assets can help you unlock the power of compounding to accelerate your wealth growth.

When the time comes to retire, you can use the [passive income](#) to supplement your retirement pensions to boost your retirement income.

Finding the right dividend stocks to invest in is the key to achieve your long-term financial goals. I will discuss two [top dividend stocks](#) with long track records of dividend growth that you can add to your portfolio for this purpose.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) stock belongs to the energy sector and is often lumped into the group of oil and gas producers whenever the industry takes a major hit. The latest example for the decline was the onset of COVID-19 in 2020. While Enbridge is a crucial part of the energy sector, it is not responsible for producing oil or natural gas.

The company only provides its peers the transportation services necessary to get these commodities from producers to consumers. It charges fees based on the volume of commodities it transports. It means that the price of the underlying commodities does not make a difference for its revenues. However, limited supplies impacted its cash flows due to a drop in fuel demand.

As global economies continue to recover, the strong rally for the energy sector has reflected in better

performances for Enbridge stock. The stock is a reliable dividend payer. At writing, Enbridge stock is trading for \$49 per share, and it boasts a juicy 6.81% dividend yield.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the largest Canadian bank in terms of its market capitalization. It used to be the largest stock on the TSX for its market capitalization a long time before **Shopify** stock overtook it. RBC is also a major presence in the global banking industry. The stock is an ideal asset to consider for long-term investors who love reliable dividend payouts for their investment portfolios.

RBC boasts a wide economic moat that allowed the bank to breeze through the economic fallout created by the pandemic. The bank set aside substantial funds in provisions for credit losses, anticipating losses from loan defaults. Thanks to the efforts of the Canadian government to pump liquidity into the economy, the bank now has a significant amount of extra cash.

RBC investors can expect to see generous dividend hikes from the banking stock. We might also see a large acquisition deal come through due to the excess cash available to the bank. RBC stock is trading for \$131 per share at writing, and it boasts a 3.30% dividend yield.

Foolish takeaway

Buying shares of top dividend-paying stocks and using the payouts to acquire new shares through a dividend-reinvestment plan is a time-tested strategy to build lasting wealth.

The track record for [reliable dividend payouts](#) does not necessarily mean that Enbridge stock and Royal Bank stock can continue delivering the same returns in the coming decades. However, the past performance of the two companies indicates a potential to continue delivering reliable returns in the future.

Enbridge stock and Royal Bank stock could be worthwhile additions to your investment portfolio if you love dividends.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge Inc.)

4. TSX:RY (Royal Bank of Canada)

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