



## 3 Top Dividend Stocks to Buy Today

### Description

Dividend investing is an excellent way to build towards achieving financial independence. This is the term used when an individual no longer needs to rely on a job's income in order to live their everyday life. However, you won't be an overnight success. Dividend investing takes time, patience, and an understanding of what makes an excellent dividend company. With those three ingredients, anyone can achieve financial independence. In this article, I'll discuss three top dividend stocks to buy today.

### No one saw this coming

Last year, [I wrote a piece](#) about how **goeasy** ([TSX:GSY](#)) had a chance to make investors much wealthier. For those that are unfamiliar, goeasy provides high-interest loans to subprime borrowers and sells furniture and other home goods on a rent-to-own basis. Because of the nature of its business, I predicted that consumers would turn to goeasy during the pandemic. That prediction proved correct, as the company reported record revenues quarter after quarter.

Since that piece was published, goeasy stock has gained about 285%. That performance even surprised me. I never expected goeasy stock to gain as much as it has so quickly. In addition to these outstanding returns, goeasy's dividend should be noted. The company has managed to [raise its dividend](#) each year since 2014, making it a Canadian Dividend Aristocrat. Over the past seven years, goeasy's dividend has increased 776%! With a payout ratio of 16.6%, there's a good chance the company can continue raising its dividend in the future.

### Canadians love investing in this industry: You should, too

If you were to poll a random group of 1,000 Canadian investors, there would be a good chance that the majority of those individuals will hold at least one Canadian bank in their portfolio. The reason Canadians are so fond of the banking industry is because of its highly regulated nature. This makes it very difficult for new and smaller banks to grow and surpass the industry leaders. As a result, companies within the Big Five are often staples in Canadian dividend portfolios.

Of the Big Five, my top pick is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Unlike its peers, which have concentrated most of their assets towards North America, Bank of Nova Scotia is committed to growth outside of the continent. The company has notable exposure to the Pacific Alliance. This is a group of nations, which includes Chile, Columbia, Mexico, and Peru. Economists forecast that those countries will see much greater growth over the next few years compared to the G7.

In terms of its dividend, Bank of Nova Scotia offers a forward yield of 4.6%. Its payout ratio is an acceptable 58.1%. With a dividend-growth streak of 10 years, Bank of Nova Scotia checks off many of the boxes that dividend investors should be looking for.

## Look for companies with strong histories of increasing distributions

As you can tell, there are some metrics that are very important to consider when looking at dividend companies. In my opinion, the most important metric would be a company's dividend-growth streak. This tells investors whether a company's management is capable of intelligently allocating capital over a long period. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is nearly unmatched in that regard. The company holds the second-longest active dividend-growth streak in Canada at 47 years.

Fortis can attribute its success to the fact that its business is relatively recession-proof. As a provider of regulated gas and electric utilities, its services are relied upon regardless of what the economic situation looks like. It should be noted that Fortis often reports higher payout ratios than one would like. However, the company's history of increasing dividends through the past five decades should help alleviate some worries.

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jedlloren

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