



How to Beat Inflation: 3 Stocks With High Dividend Growth Rates

Description

[Investing in dividend stocks](#) can help you supplement your income. Over time, investors may even be able to completely replace their primary sources of income through dividends. If you're able to do that, then you'll have reached financial independence (not having to rely on a job as your primary source of income).

However, if you decide to go that route, it's important to find stocks that are capable of raising their dividend distributions at a faster rate than inflation. If not, then you'll find yourself losing buying power over time. In this article, I discuss three stocks with high dividend growth rates. This group of companies could help you beat inflation over the long term.

The renewable energy industry is heating up

A lot of new capital has been poured into the renewable energy industry over the past few years. As a result, companies like **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has seen its stock go through the roof. Heading into 2021, Algonquin stock rose about 141% over the past five years, putting it on pace with many top growth stocks. For those who are unfamiliar, Algonquin is an operator of renewable utility facilities. Its portfolio is currently capable of producing about 4GW of power.

In FY2020, Algonquin paid out an annual dividend of \$0.6063 per share. In FY2015, the company's dividend was \$0.3762 per share, giving Algonquin a five-year dividend growth rate of about 61%. That means the company's dividend has been growing at a much faster rate than inflation, allowing investors to stay ahead. The company currently offers a forward dividend yield of 4.57%. Algonquin is also a Canadian Dividend Aristocrat, having increased its distribution over the past 10 years.

A good investment in a steady business

One stock that I've never covered on Motley Fool Canada is **Alimentation Couche-Tard** ([TSX:ATD.A](#))([TSX:ATD.B](#)). The company operates more than 15,000 convenience stores across 15 countries in North America, Europe, and Asia. If you're not familiar with Alimentation, perhaps you've

seen some of its stores that operate under different brands like Circle K and On the Run. While this is certainly not the most exciting business to invest in, the company has a very wide reach and a steadily growing network of stores.

Alimentation's trailing 12-month dividend is \$0.352 per share compared to a 12-month dividend of \$0.10 in 2015. That means that the company has been able to more than triple its dividend distribution over the past six years. An excellent dividend company, Alimentation has managed to increase its distribution over the past 11 years while maintaining a payout ratio of 10.59%. This is a hidden gem that should be up for consideration in your portfolio.

Put this stock on your radar

In contrast to Alimentation Couche-Tard, I've been very bullish on **goeasy** ([TSX:GSY](#)) over the past year. The company provides high-interest loans to subprime borrowers and sells furniture and other home goods on a rent-to-own basis. As you can imagine, goeasy saw its business skyrocket during the pandemic. The company posted record revenues quarter after quarter.

One of the most remarkable dividend companies around, [goeasy's dividend distribution](#) has increased from \$0.100 per share in 2015 to \$0.660 in 2021. That means that goeasy's dividend has increased more than 600% over the past six years! Despite those impressive dividend increases, goeasy's payout ratio is still very low (16.63%). This means that the company should be able to continue increasing its dividend over the coming years. Another Canadian Dividend Aristocrat, goeasy has increased its dividend in each of the past six years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:ATD (Alimentation Couche-Tard Inc.)
4. TSX:GSY (goeasy Ltd.)

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