Dividend Stocks: 2 Safe Options to Buy

Description

Dividend stocks are useful for investors with various investing strategies. They are solid picks for long-term investors who plan to re-invest the dividends, but they're also ideal for passive-income investors.

Depending on what you are looking to get out of a dividend stock, your selection criteria will change. However, there is one thing that most dividend stock hunters should keep in mind.

That thing is the reliability of the stock's dividend. Whether you're chasing a massive passive-income stream or looking to build for the future, these stocks won't do you much good with a heavily slashed payout.

As such, it's worth going over some of the very safe options that exist in the dividend investing space. These are stocks with rock-solid dividends that tend to be very resilient, even through tough conditions.

Today, we'll look at two safe options for investors looking for blue-chip stocks.

RBC

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the largest Canadian bank stock by market cap and a household name when it comes to dividend investing.

Long-term investors should be very familiar with RY, as it's a top name in one of Canada's top-performing sectors. RY offers investors a nice blend of share price growth and dividend growth over time.

RY is definitely a safe option for any investors looking to pick up a dividend stock. As of this writing, it's trading at $128.53 and yielding 3.36%.

Even given tough economic conditions, that dividend comes at only a 40% payout ratio to RY. That means the stock can easily manage that dividend and has plenty of room to hike it going forward.

The safety and growth potential of the dividend shouldn't be in question at all. RY has rock-solid financials and a stable moat of revenue sources. For the long haul, this is a blue-chip stock with a very safe dividend for investors to rely on.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a large electric utility holding company, with its subsidiaries providing a wide range of utility services to customers across multiple continents.

FTS has earned a reputation as a very reliable dividend stock, and deservedly so. It has a very stable dividend, which often comes out to be a very reasonable yield.

FTS is able to offer such a solid dividend due to how it provides its utility services. Namely, its services are mostly provided through regulated contracts and, as such, demand is relatively fixed and constant.

Moreover, people need utility services regardless of the state of the economy. Combine all that, and it's easy to see why FTS is such a consistent performer for investors looking at safe options.

As of this writing, FTS is trading at $55.88 and yielding 3.83%. That's a respectable yield for a stock that also offers investors great insulation to market swings.

This utility giant is a very safe dividend stock due to its structure and reliable revenue sources.

Dividend stock strategy

Both RY and FTS are viable dividend stocks for a wide range of investing plans. They each offer unique benefits, but what they share in common is that they are very safe options over the long haul.

If you're looking for a way to play it safe with your position, be sure to give these stocks some thought.

CATEGORY

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
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jagseguin