



Passive Income Alert: 2 Top Dividend Stocks for Stable Passive Income

Description

Canadian equity markets have not had the easiest year in 2021, but the **S&P/TSX Composite Index** has managed to hit new all-time highs. Barring a particularly rough month in September, the broader market has been performing well in recent months.

Rising inflation and uncertainty have prompted many Canadians to realize the importance of having additional revenue streams. [Dividend investing](#) is an excellent method to earn passive income to meet a range of short- and long-term financial goals.

Provided you can build a portfolio of reliable dividend stocks, you can strengthen your finances through shareholder dividends. Whether you choose to use the dividends to [supplement your monthly income](#) or reinvest the returns to unlock the power of compounding and accelerate your wealth growth, choosing high-quality stocks is crucial.

Today, we will take a look at two top dividend stocks that you can buy today.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) could be an excellent stock pick to consider if you want to generate reliable passive income. The utility company has raised its shareholder dividends by more than 10% for the last 11 years. The company generates stable cash flows through utility assets and regulated renewable power-generation facilities, allowing it to earn predictable revenues.

Algonquin Power & Utilities is ramping up its plans to increase its rate base by investing \$9.4 billion between 2021 and 2025. The company has also been busy with a strategic acquisition strategy to boost its short- and medium-term financials. The stock is trading for \$17.95 per share at writing and boasts a juicy 4.82% dividend yield.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is one of Canada's Big Six banks. If you want to add reliable dividend stocks to your portfolio, you can't go wrong with any of the Big Six Banks. While Scotiabank is not the largest Canadian bank in terms of its market capitalization, it boasts the strongest growth prospects among its peers.

The bank has established a significant presence in the Pacific Alliance countries — a move that could boost its performance in the coming years.

Mexico, Peru, Columbia, and Chile have a trade bloc that is expected to grow the economies in these countries faster than in G7 countries in the near future. Scotiabank's presence in the region can allow the bank to capitalize on the trend. Scotiabank stock is also an excellent dividend stock, boasting a track record of 43 consecutive years of dividend hikes. At writing, the stock is trading for \$81.96 per share and boasts a juicy 4.39% dividend yield.

Foolish takeaway

Dividend investing is one of the best ways to generate passive income as a Canadian investor. Creating a portfolio of [reliable income-generating assets](#) in a Tax-Free Savings Account (TFSA) can help you keep more of your investment returns by keeping your investments held within the account from incurring income taxes.

You can reinvest the dividend income in your TFSA portfolio to accelerate your wealth growth or use the earnings as tax-free income to supplement your active income to deal with the rising living costs. Either way, it is crucial to pick high-quality stocks with the ability to continue delivering reliable returns through shareholder dividends for the long haul.

Algonquin Power & Utilities stock and Scotiabank stock could be excellent stocks to pick when you begin building such a portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. NYSE:BNS (The Bank of Nova Scotia)
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