



Manulife (TSX:MFC) Increases Dividends By 18%: Buy the Stock Now?

Description

[Dividend investing](#) is arguably one of the best methods for Canadian investors to generate substantial [long-term wealth growth](#) by using their savings. Investing in the right income-generating assets that can provide you with reliable and increasing dividends over the years could be far better than parking your funds in a savings account as cash.

Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#)) announced on November 4, 2021, that it will be raising its quarterly shareholder dividends by 18%, bringing it up to \$0.33 per share. The company also announced a plan to buy back up to 39 million shares of Manulife stock, or about 2% of all its shares.

Today, I will discuss Manulife Financial stock to help you determine whether it could be a good buy for your investment portfolio today.

Leading financial company

Manulife Financial is a massive \$48.90 billion market capitalization industry-leading corporation in the Canadian wealth management, insurance, and asset management space. Headquartered in Toronto, the company has a multinational presence, with operations in Canada, the U.S., Europe, and Asia.

The Great Recession saw Manulife Financial slash its dividends by half to protect its balance sheet and preserve cash flows. The company's management has since spent the last 10 years reducing any risks from the business, allowing Manulife to have a wide enough economic moat to make it through the worst of the pandemic in relatively better shape.

Manulife Financial's leadership decided to start raising its shareholder dividends a few years ago. The recent announcement by the Office of the Superintendent of Financial Institutions to lift COVID-19-related restrictions on dividend hikes for financial sector companies saw financial institutions and insurance companies jump into action.

The federal regulator's acknowledgment that the financial and economic risks posed by the pandemic have finally subsided meant that the restrictions imposed on banks and insurers earlier in the

pandemic might no longer apply.

Foolish takeaway

After the announcement by Manulife Financial's board, the dividend hike of 18% just increased its shareholder dividends for 2022 and beyond. The new annualized distribution for Manulife Financial stock after the update will be \$1.32 per share.

At writing, Manulife Financial stock is trading for \$25.07 per share. At its current share price, Manulife Financial stock boasts a juicy 5.27% dividend yield that could provide you with decent long-term shareholder returns through dividends alone.

It is also worth noting that Manulife stock is trading for a discount of at least 8% from its share prices earlier this year. The anticipation of interest rate increases in the coming months could significantly boost the financials for Manulife Financial. Buying its shares now could offer you the opportunity to get significant shareholder returns through capital appreciation if its share prices recover to previous levels.

Buying and holding Manulife Financial shares in a Tax-Free Savings Account and reinvesting its shareholder dividends through a dividend-reinvestment plan could also unlock the power of compounding to [accelerate your wealth growth](#). Manulife Financial stock could be an excellent buy for your portfolio today.

CATEGORY

1. Dividend Stocks
2. Investing

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