Passive-Income Investing: 3 Dividend Stocks to Buy and Hold Forever

Description

Many passive-income investing strategies aren't truly passive. Well, they can be if you hire others to help you out. For example, rental properties aren't passive-income investments. They require maintenance, and tenants sometimes require your attention. However, landlords can utilize real estate management services, which increases your cost but frees up your time, making your rental properties real passive-income investments.

Dividend stocks can be perfect for passive-income investing, but you need to know which stocks to buy and hold.

Passive-income investing is easy with TC Energy's 5.7% yield

TC Energy (TSX:TRP)(NYSE:TRP) provides a safe and juicy yield of about 5.7%. The large-cap energy infrastructure company has a 20-year track record of providing sleep-well-at-night growing passive income to long-term investors. Its 10-year dividend-growth rate of 7.3% is not bad at all. It even more than keeps up with the high inflation of 4.4% we have experienced recently.

The company tends to generate stable cash flows through market cycles with little impact from the volatility of energy prices. Additionally, it has a $22 billion secured capital program for multi-year growth through 2025, including using renewables for a part of its pipeline network and clean energy projects. Natural gas infrastructure makes up about three-quarters of the business, which makes it stand out as a stable passive-income investment.

This dividend stock is also perfect for passive-income investing

Manulife (TSX:MFC)(NYSE:MFC) stock is good for an awesome 5.1% yield after hiking its quarterly dividend by 18% this month. The massive hike is thanks to the Canadian regulator finally giving our federally regulated financial institutions the green light to resume dividend increases and stock repurchases.

The big dividend yield is also thanks to Manulife stock being one of the cheapest large-cap financial services stocks on the **TSX**. At $25 and change per share, it trades at a dirt-cheap price-to-earnings ratio of about eight. Importantly, about one-third of its business operations are in Asia, which could drive higher growth.

For its core earnings, management is targeting a 10-12% growth rate. Like TC Energy, Manulife stock is also a Canadian Dividend Aristocrat. Specifically, MFC stock has increased its dividend for seven consecutive years with a five-year dividend-growth rate of 11%. The dividend stock is poised to continue raising its dividend with a sustainable payout ratio and higher earnings in the long run.

Fortis stock is a top Canadian dividend stock

Passive-income investing in dividend stocks isn't complete without mentioning **Fortis** (TSX:FTS)(NYSE:FTS) stock. Many retirees buy and hold Fortis for growing passive income. Investors have bought the regulated utility stock for decades, and they sit on a fat yield on cost because the dividend stock has increased its dividend for almost half a century.

For example, if you'd bought the stock about 20 years ago, you would be sitting on a yield on cost of about 23%. Imagine earning a return of more than 23% *every single year* for your investment. That's only possible and guaranteed with a quality dividend-growth stock. At writing, Fortis yields 3.8%. Its annualized payout of $2.14 per share results in a sustainable payout ratio of about 78%.

CATEGORY

1. Dividend Stocks
2. Investing

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