3 Big-Dividend Stocks to Buy in January 2022

Description

It's understandable why anyone would want secure income. With enough money coming into your pocket predictably without you having to work much for it, you will achieve financial independence. At that time, you can enjoy your ideal way of life.

Before that, you have got to build a secure passive income. Don't be fooled, though. Not all big-dividend stocks are trustworthy. Here are three big-dividend stocks that look promising for 2022 and beyond. Importantly, they're trading at good valuations and up for grabs by any investor in January 2022!

Enbridge stock

It's hard to beat **Enbridge** (TSX:ENB)(NYSE:ENB) stock's 7%. It's simply a blue-chip dividend stock that keeps on giving. It has increased its dividend for a quarter of a century and has been paying a dividend even longer than that. Therefore, it's the oldest Canadian Dividend Aristocrat of the three stocks introduced in this article.

Enbridge's dividend growth has slowed dramatically, as displayed in the last two dividend increases of about 3%. However, the stock doesn't really need to do much to deliver solid returns because of its big dividend that's sustainable by its stable cash flow. It can generate total returns of 9-12% over the next five years. It can achieve the high end of the range if the market cooperates with valuation expansion.

Get a big monthly dividend

Chartwell Retirement Residences (TSX:CSH.UN) is expected to turn around post-pandemic. Christine Poole, the CEO and managing director at GlobeInvest Capital Management, likes the seniors housing real estate investment trust because of the demographics. Particularly, she favours Chartwell over others in the space because it earns 91% of its net operating income from private retirement homes versus only 9% from long-term-care homes.

The seniors housing leader is a great income stock to own because it pays a monthly cash distribution. Currently, it yields 5.2%. So, it could be an excellent dividend stock to hold for passive income in a TFSA. It can generate total returns of 7-11%, including valuation expansion potential.

A growing utility stock

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is growing faster than its bigger peers because of its smaller size. However, it is an established dividend stock. It has increased its dividend for 10 consecutive years. With this dividend-growth streak, it has achieved the status of a Canadian Dividend Aristocrat. So, management will be inclined to maintain its dividend growth.

The utility stock declined roughly 12% in 2021, while the dividend stocks of its larger regulated utility peers climbed about 17%. Algonquin is being lumped together with its renewable power peers, which have also corrected, but, in fact, it is more of a regulated utility than a renewable power utility. Consequently, AQN stock's dividend yield has been pushed up to about 4.7%. This is a juicy yield compared to its utility peers and the stock market.

Algonquin anticipates that it will increase its adjusted earnings per share at a compound annual growth rate of 7-9% through 2026. Since its payout ratio is relatively high, let's be conservative and say that it can increase its dividend by 6% in that period. If so, it can deliver total returns of about 11-14%, including the potential for valuation expansion.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CSH.UN (Chartwell Retirement Residences)
5. TSX:ENB (Enbridge Inc.)

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