3 Top Dividend Aristocrats to Buy Today

Description

Investing in dividend stocks will allow you to build a source of passive income. Over time, this income can grow large enough to replace your primary source of income. In that case, you'll have reached financial independence and could have the ability to devote more time towards your interests instead of having to focus on a job. However, for you to achieve that goal, you'll need to accumulate enough shares of sustainable dividend-paying companies. In this article, I'll discuss three dividend stocks to buy today.

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This railway company is making history

One way to find great dividend-paying companies is by looking through the list of Canadian Dividend Aristocrats. These are companies that have increased their dividend distributions for at least five years. **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) is a new entrant into the list after having successfully increased its dividend for the fifth straight year in 2021.

Canadian Pacific made headlines last year when it announced that it had finalized the acquisition of Kansas City Southern. This acquisition makes Canadian Pacific the first North American railway company to operate track that spans Canada, the United States, and Mexico. In terms of its dividend, Canadian Pacific's forward yield is quite low (0.78%). However, so is its payout ratio (16.37%). This suggests that the company has sufficient room to continue raising its dividend in the future.

Now's the time to buy the banks

It's been shown in the past that rising interest rates tend to result in more favourable environments for financial companies. For example, banks often report much greater profit margins when interest rates are higher. With interest rates expected to rise several times through 2022, investors would be wise to increase their exposure to this sector. Due to the highly regulated nature of the Canadian banking industry, the Big Five are often very popular picks by investors. Of that group, my top choice is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).

This company stands out from its peers for its focus on its international business. In fact, it operates 2,000 branches and offices in 50 countries. This makes Bank of Nova Scotia Canada's most international bank. With a dividend-growth streak of more than a decade, Bank of Nova Scotia is seen as a reliable Dividend Aristocrat. During its most recent earnings report, the company announced that it would be raising its distribution about 11%. If you're looking for a stock with a safe dividend but that also offers modest growth potential, consider buying Bank of Nova Scotia.

Choose this dividend leader

Finally, investors should consider buying shares of **Fortis** (TSX:FTS)(NYSE:FTS). The company holds a dividend-growth streak of 47 years. That allows Fortis to stake claim to the second-longest active dividend-growth streak in Canada.

The driving force behind Fortis's success may be the recession-proof nature of its business. It provides regulated gas and electric utilities to 3.4 million customers across Canada, the U.S., and the Caribbean. Because utilities remain in high demand regardless of the state of the economy, Fortis's business isn't greatly affected during periods of economic uncertainty. This makes it a great buy not only today but for the long term as well.

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