



2 Top Dividend Stocks to Buy for Passive Income

Description

Was creating a [passive-income](#) stream one of your financial resolutions this year? If so, dividend stocks can help you do exactly that. Here are two top dividend-paying companies that should be on every passive investor's watch list in 2022.

Dividend stock #1: Algonquin Power

There are several very good reasons as to why this utility stock should be on Canadian investor's radars. In addition to passive income, **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) can provide a portfolio with dependability as well as [market-beating growth](#).

At today's stock price, Algonquin Power's \$0.85 annual dividend is good enough for a yield just shy of 5%. There aren't too many dividend stocks on the [TSX](#) yielding as high as Algonquin Power right now. So, if generating a healthy stream of passive income is your main objective, this dividend stock is for you.

But it's the dependability and growth that makes Algonquin Power a rare find among [Canadian stocks](#). Utility stocks tend to be [low-volatile investments](#) due to the dependable nature of the business. And in today's market condition, where volatility is spiking, owning shares of a dependable utility stock is not a bad idea.

Lastly, for a slow-growing utility stock, Algonquin Power is no stranger to outperforming the market's returns. Shares of the dividend stock are up more than 50% over the past five years. And that's not even including dividends, either. In comparison, the **S&P/TSX Composite Index** is up less than 40% since early 2017.

If you're looking for a well-rounded dividend stock you can feel good about holding for the long term, Algonquin Power is a solid choice.

Dividend stock #2: Toronto-Dominion Bank

The Big Five Canadian banks have some of the top dividends on the TSX. Whether you're looking for a high yield of a reliable payout, at least one Canadian bank will have you covered.

At a market cap nearing \$200 billion, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest company on the TSX, behind only **RBC**. But once you factor in TD Bank's future growth plans, it wouldn't be surprising to see the bank overtake RBC in the coming years.

What separates TD Bank from other dividend stocks for me is the bank's growing international presence. Close to one-third of the bank's net income is already being driven from its U.S. operations. And that's with plenty of expansion still left to be done in the western half of the country.

TD Bank's annual dividend of \$3.56 per share yields just about 3.5% at today's stock price. Investors can find higher yields than that on the TSX — there's no argument there. But when you factor in the growth potential and the diversification from the bank's U.S. exposure, this is top dividend stock for passive-income investors.

Foolish bottom line

Canadian passive-income investors have a wide choice when it comes to dividend stocks. It all comes down to exactly what you're looking for.

If yield is all you're concerned about, you can definitely find a dividend stock yielding upwards of 5%. But if you're willing to dig a bit deeper, there are many Canadian dividend-paying companies that can offer much more than just a high yield.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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