3 Stocks That Could Give You a Solid Source of Passive Income

Description

Investing can help you achieve financial independence, which is the term given when investments can cover someone's day-to-day living expenses. Granted, it won't happen overnight. When it truly comes down to it, financial independence requires a source of income greater than or equal to the income you would expect to get from a job. Therefore, it's imperative that investors find stocks that can supply a solid source of income over many years. In this article, I'll discuss three stocks that could do just that.

This is one of the best dividend stocks in Canada

When looking for stocks to hold, with the goal of generating passive income, investors should turn to the list of Canadian Dividend Aristocrats. This is a list of companies that have been able to increase dividend distributions for at least five consecutive years. Near the top of the list, investors can find **Fortis** (TSX:FTS)(NYSE:FTS). At 47 years, it claims the second-longest active dividend-growth streak in Canada.

Fortis is able to do this because of intelligent capital allocation by its management team. Investors may notice that Fortis's payout ratio is much higher than some other Dividend Aristocrats. However, its management team has been able to navigate financial waters at such a high level, that even the Great Recession didn't stop it from raising its distribution. Fortis is a top **TSX** dividend stock that should be in your portfolio.

A stock that has paid a dividend for nearly 200 years

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) announced its initial dividend at a rate of 3% per year in 1833. Since then, the company has never missed a dividend payment. That means Bank of Nova Scotia has managed to pay a dividend for 189 years. Today, its dividend offers investors a of 4.28%, making it a very attractive stock to hold. Investors may not that the company is only listed as having a dividend-growth streak of 11 years. This is because Bank of Nova Scotia was unable to continue growing its distribution through the Great Recession.

Bank of Nova Scotia is a member of the Big Five. This is a group of five banks which dominate the Canadian banking industry. What differentiates Bank of Nova Scotia from its peers is its international diversification. With 2,000 branches and offices across 50 countries, it is known as Canada's most international bank. With that level of diversification, Bank of Nova Scotia should have protection against a massive slowdown in its business if one region were to experience a period of economic uncertainty.

This stock is growing its dividend at a very fast rate

Investors should also take note of how fast a company is able to raise its dividend. A failure to beat the rate of inflation will result in a loss in buying power over time. Personally, I aim to hold companies that raise dividends at a compound growth rate of 5% or greater. That would even keep a stock's dividend growing at a faster rate than inflation has over the past year and a half. **goeasy** (TSX:GSY) is a stock whose dividend has grown at a very fast rate over the past seven years.

Since 2014, goeasy's dividend has grown 776%! That represents a compound annual growth rate of 34%. Although goeasy's forward dividend yield is quite low (1.74%), so is its payout ratio. This means that the company could be able to continue growing its distribution without issue in the coming years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)
5. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jedlloren
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/28
Date Created
2022/02/10
Author
jedlloren

Footer Tagline

Footer Tagline