3 Dividend Stocks to Help You Beat Inflation

Description

Dividend stocks are great assets to hold, because they could supplement your primary source of income. By holding enough shares of excellent dividend companies, investors may even by able to replace their primary source of income, allowing them to live comfortably without having to rely on a job.

One aspect of dividend stocks that investors should keep in mind is a company's ability to increase distributions over time. The best dividend stocks are able to raise distributions faster than the rate of inflation. By choosing companies that manage to beat the inflation rate on an annual basis, dividend investors won't have to worry about losing buying power over time. Here are three dividend stocks that could help you beat inflation!

Start with this excellent dividend stock

For all the companies listed in this article, I'll be assessing dividend growth over a five-year period. This gives investors an idea of how fast a company's dividend has grown over a medium-term timeframe. The first dividend stock investors should consider buying today is **Fortis** (TSX:FTS)(NYSE:FTS). This company provides regulated gas and electric utilities to 3.4 million customers across Canada, the United States, and the Caribbean.

In 2017, Fortis offered investors a quarterly dividend of $0.40 per share. Its most recent dividend distribution was $0.535 per share. This represents a compound annual growth rate (CAGR) of about 6%. Although inflation has run rampant in 2021 and 2022, this 6% dividend-growth rate should be enough to keep investors ahead of inflation over the long run. Fortis is also well respected as a dividend company because of its amazing 47-year dividend-growth streak.

Choose one of the Canadian banks

The Canadian banks are also outstanding dividend payers. For example, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) first declared a dividend on July 1, 1833. Since then, it has never failed to distribute a dividend to shareholders. That means the company has been paying dividends for the past

189 years.

In 2017, Bank of Nova Scotia's quarterly dividend was $0.76 per share. Currently, the company's quarterly dividend is $1 per share. That represents a CAGR of about 5.6% over the past five years. Like Fortis, this outpaces the inflation rate by a healthy margin. Bank of Nova Scotia also offers investors a very attractive forward dividend yield of 4.31%.

This stock's dividend growth is out of this world

goeasy (TSX:GSY) is perhaps the best dividend stock you aren't aware of. This company is very polarizing because of its business model. It provides high-interest loans to subprime borrowers and sells furniture and other home goods on a rent-to-own basis. Because of the nature of its business, goeasy saw record revenues over the pandemic.

In 2017, goeasy's quarterly dividend was $0.18 per share. Today, goeasy's quarterly dividend has risen to $0.91 per share. That represents a staggering CAGR of 37% over the past five years, greatly outpacing the inflation rate. What's even more impressive about goeasy is that the company has managed to maintain a very low dividend-payout ratio, despite its incredible growth rate. That suggests that goeasy could continue to comfortably increase its dividend over the coming years.

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3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)
5. TSX:GSY (goeasy Ltd.)

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