



## Passive Income: 2 Top Dividend Stocks to Own for the Long Term

### Description

The ultimate passive-income strategy is to buy and hold great [dividend-paying stocks](#) and then do nothing. By “do nothing,” I mean buy and hold these top stocks for years and years.

You may not know it, but some of the greatest retail investors have been plumbers, bookkeepers, and grandmothers. They buy stocks in good-quality businesses that they like and understand. As they have cash, they accumulate more shares and then just never sell.

### This strategy has worked for many retail investors

One of the best stories of this strategy is of [Grace Groner](#). She was a secretary at Abbott Pharmaceuticals (now **Abbott Laboratories**). She bought three shares in the company and then held them and reinvested the dividends for the next 75 years. After she passed away, she had accumulated nearly 100,000 shares, which were worth more than \$7.5 million at the time.

Sometimes, a passive-income strategy needs to be just as simple as that. Buy shares in great businesses, re-invest the dividends (if you don't need the cash immediately), and [grow wealthy with time](#).

If you are looking for some high-quality dividend stocks for long-term passive income and ample capital returns, here are two I'd consider looking at today.

## Brookfield Infrastructure: A top passive-income stock in Canada

**Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) has been an excellent passive-income stock for long-term shareholders. Since it was spun out from **Brookfield Asset Management** in 2009, Brookfield Infrastructure has delivered a 1,387% total return.

The best part is nearly half those returns have come from its growing stream of dividend payouts.

Today, it pays an attractive 3.5% dividend yield. In fact, this passive-income stock has grown its per-unit distribution by a compounded annual growth rate of 10% since 2009.

There are reasons to continue to like this business going forward. It has a diverse and enviable portfolio of infrastructure assets. These assets capture highly contracted streams of cash flows.

Over 70% of its assets have inflation indexed contracts, so when inflation roars (like it is), so do its cash flows. This stock is never “cheap,” but in terms of quality of management and assets, it is one of the best stocks you can own for the long haul.

## TELUS: Passive income, growth, and value

Another great passive-income stock to buy and never sell is **TELUS** ([TSX:T](#))([NYSE:TU](#)). This stock has been on a tear in 2022. It is up 8% since the start of the year. However, it has recently pulled back, which could make for a reasonable entry point.

I like this passive-income stock due to its essential nature for Canadians. Internet and wireless connectivity are as vital as water and power in today’s modern world. As a result, TELUS can lock consumers into multi-year contracts, which captures predictable streams of cash flows.

TELUS has been on an elevated capital-expenditure cycle, as it completes its fibre optic network build-out and implements 5G infrastructure. This spending should taper by the end of this year, and TELUS expects to gush free cash flows. Likewise, TELUS is fostering several smaller digital vertical growth businesses that are starting to accrete value for patient investors.

TELUS raised its dividend multiple times last year. Another large increase is expected in 2022. For the past 10 years, it has increased its dividend by 8.7% a year on average. Today, this passive-income stock yields 4%. For a combination of reliability, dividend growth, and capital upside, TELUS is a wonderful passive-income stock to own for many years to come.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TU (TELUS)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:T (TELUS)

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