Passive Income: 2 Dividend Stocks to Buy Without Hesitation Now

Description

Many Canadians invest to collect reliable passive income. Whether it be a rental property or a side business, collecting passive income is often more challenging (and less passive) than it sounds. That is why I like using the stock market to collect passive income.

The stock market is a great place to collect passive income

Yes, there is some digging, research, and analysis required upfront. Every investment requires some due diligence. Likewise, there is quarterly or annual follow up on the stocks you own.

However, beyond that, there is a lot of waiting and not much else to do. Every month or quarter, you collect your dividend cheques, and the business really does the work for you.

Patience pays off big time when investing over the long term

In the short term, the stock market is volatile, so passive-income investors need patience and an iron stomach. The market prices stocks on temporary news and valuations. Yet over the long term (five years or more), it relies on fundamentals, value, and company quality/durability.

If you put in the effort to find these long-term businesses, you can lock in very stable, attractive streams of passive income. If you are looking for a place to start, here are two high-quality stocks to buy and own for years of reliable passive income ahead.

Fortis: A reliable passive-income stock

If you want a passive-income stream that has very little chance of failing, you might want to consider **Fortis** (TSX:FTS)(NYSE:FTS). It pays a $0.5275 quarterly dividend per share. While that only works out to a 3.27% dividend yield today, it has a famous history of growing that dividend for 48 years straight.

Fortis has integral electric and gas distribution assets across North America. These are almost entirely regulated, so its streams of cash flows are very resilient. It is investing over $20 billion to expand its infrastructure and increase its rate base.

Going forward, it believes it can sustain 6% annual dividend growth for the next four or five years. After a nice run up, the stock is a little expensive here. However, this stock trades at a low correlation to the broader stock market.

As a result, it has been a safe-haven stock when the overall market is volatile (like it is today). So, if you are looking for worry-free passive income, just buy and hold Fortis for the next decade or two.

Brookfield Infrastructure: A worry-free, diversified dividend stock

Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP) is another passive-income stock I would buy today if I had a five-, 10-, or 20-year time horizon. Brookfield acquires, owns, and manages complex infrastructure assets all over the world. Think of any necessity we require in our modern society, and Brookfield probably owns an asset related to it.

It owns ports, railroads, power transmission lines, pipelines, midstream plants, data centres, cell towers, and data networks. Over 70% of these assets have inflation-indexed contracts. Likewise, many assets benefit from rising commodity prices and increased volumes through their systems.

When inflation is soaring, this is just a great passive stock to own as a natural hedge. This stock pays a $0.675 per unit distribution every quarter. Annually, that equals a 3.2% yield. BIP has a great history of growing its dividend by over 9% annually. While that may slow going forward, 10-15% total annual returns are not unreasonable for this business to achieve in the years ahead.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
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