2 Safe Dividend Stocks That Could Help You Fight Inflation

Description

Now is as good a time as any to be thinking about building a passive-income stream. Whether it's to help offset inflation or the high levels of volatility in the stock market, having an additional source of income could go a long way in today's uncertain economy.

Investing in dividend stocks

Dividend stocks are one of the easiest and fastest ways to build a passive-income stream from scratch. Fortunately, for Canadian investors, the **TSX** has no shortage of high-yielding dividend stocks to choose from.

When it comes to choosing which dividend-paying companies to invest in, the yield isn't the only number to be looking at. The dependability of a dividend is arguably just as important as the yield.

It's important to keep in mind that a company can cut its dividend at any point in time. As a result, it's important to look for companies with a reliable track record of paying its shareholders.

I've reviewed two top dividend stocks that you cannot go wrong with buying today. Together, the two companies can provide a portfolio with both a high yield and dependability.

Algonquin Power

Passive income is just one reason why **Algonquin Power** (TSX:AQN)(NYSE:AQN) is a solid buy today. In addition to a top yield, the utility stock can also provide a portfolio with stability as well as market-beating growth potential over the long term.

At today's stock price, the company's annual dividend of $0.94 per share yields more than 5.5%. A yield like that just by itself is enough of a reason for passive-income investors to be interested in Algonquin Power.

But on top of an incredibly impressive yield, Algonquin Power is no stranger to outperforming the market in terms of capital returns. When factoring dividends, the utility stock has outperformed the **S&P/TSX Composite Index** over the past five- and 10-year periods.

With shares currently down more than 20% from 52-week highs, passive-income investors would be wise to take advantage of this rare discount.

Manulife

Not many other dividend stocks on the TSX can match **Manulife's** (TSX:MFC)(NYSE:MFC) 6% dividend yield.

The recent market correction has sent the insurance stock's yield higher than it's been in a long time. As the market eventually recovers, though, the yield will gradually drop back down. But in the meantime, an annual return of 6% is hard to match in today's harsh investing climate.

Similar to Algonquin Power, Manulife can also provide a portfolio with a certain level of stability. The utility and insurance industries do not typically endure high levels of volatility. As a result, companies like these two can help offset some of the short-term losses in an investment portfolio caused by the market's recent price swings.

Foolish bottom line

The hard part of building a passive-income stream from dividend stocks is choosing which companies to invest in. Once you decide that, all you need to do is buy a few shares and then wait for the dividend to be paid out.

Whether you're a seasoned investor or completely new to this world, Algonquin Power and Manulife are two perfect choices for a dependable and high-yielding passive-income portfolio.

CATEGORY

1. Dividend Stocks
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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:MFC (Manulife Financial Corporation)

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