3 TSX Dividend Stocks That Should Pay You for the Rest of Your Life

Description

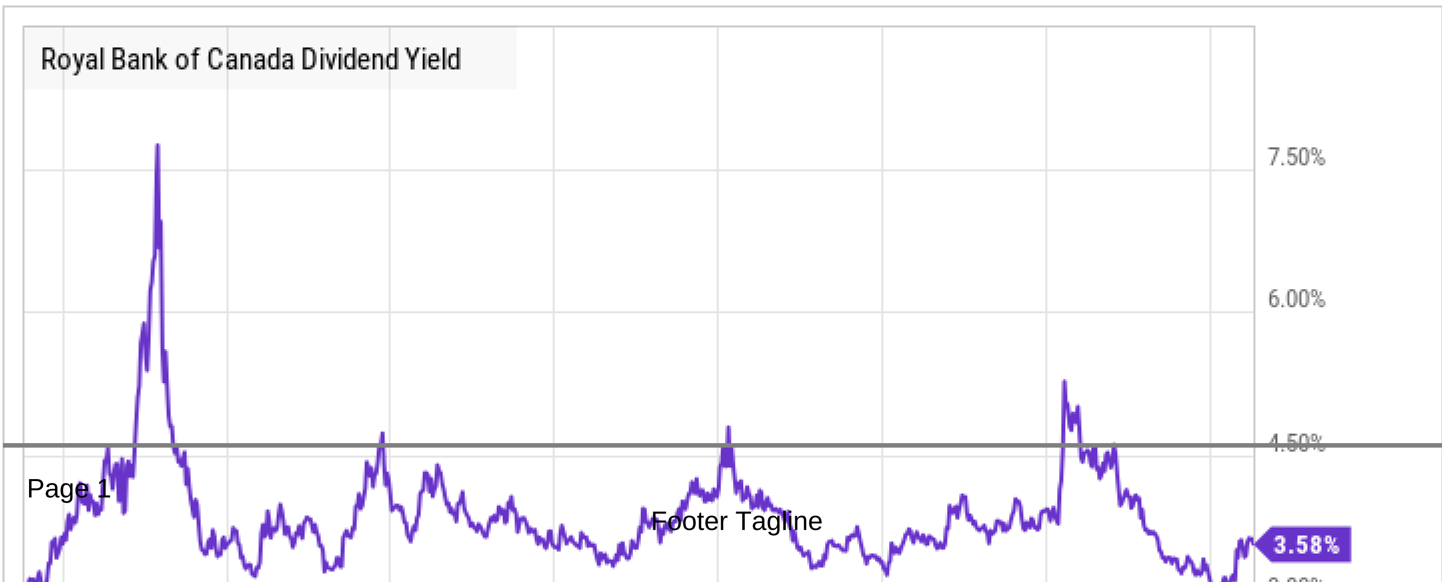
Here are three top **TSX** dividend stocks that should pay you for the rest of your life. Currently, some are bigger bargains than others, though.

RBC stock

The big Canadian banks are critical to the Canadian financial system and economy, especially a leader like **Royal Bank of Canada** (TSX:RY)(NYSE:RY). The fact that it offers the lowest dividend yield of about 4% among its peers is a testament of its quality. That is, the market is commanding a lower yield on it versus its competitors.

Indeed, paying safe dividends is one of the signatures of the big bank stocks. Specifically, RBC stock has paid a continuous dividend since 1870. Occasionally, when there's heightened risk (and therefore higher expected levels of bad debt) in the economy, the Office of the Superintendent of Financial Institutions (OSFI) would step in to prevent the banks from increasing their dividends and even buying back their common shares. Doing so ensures the banks remain well capitalized in riskier economic times.

This is why RBC stock (and its peers) froze the dividend during the pandemic and the global financial crisis. History indicates that it's a good time to accumulate top-notch bank stocks like RBC stock at times of high uncertainty for a lifetime of dividends.



RY Dividend Yield data by YCharts

Patient investors can try grabbing shares at a yield of at least 4.5% from Royal Bank stock in this market downturn triggered by high inflation, rising interest rates, and tightening liquidity.

Fortis stock

Utility stocks make up three of the top five Canadian stocks with the longest dividend-growth streaks. So, it makes good sense to hold quality utilities to get paid for the rest of your life. Particularly, of the three, I'd pick **Fortis** (TSX:FTS)(NYSE:FTS) stock for its consistency.

The regulated utility's 10-year dividend-growth rate is about 5.9% per year. Its 10-year stock price returns have also compounded by approximately 6.5%. Both the growth of its dividend and stock price have been driven by a predictable business that has increased its earnings steadily in the period.

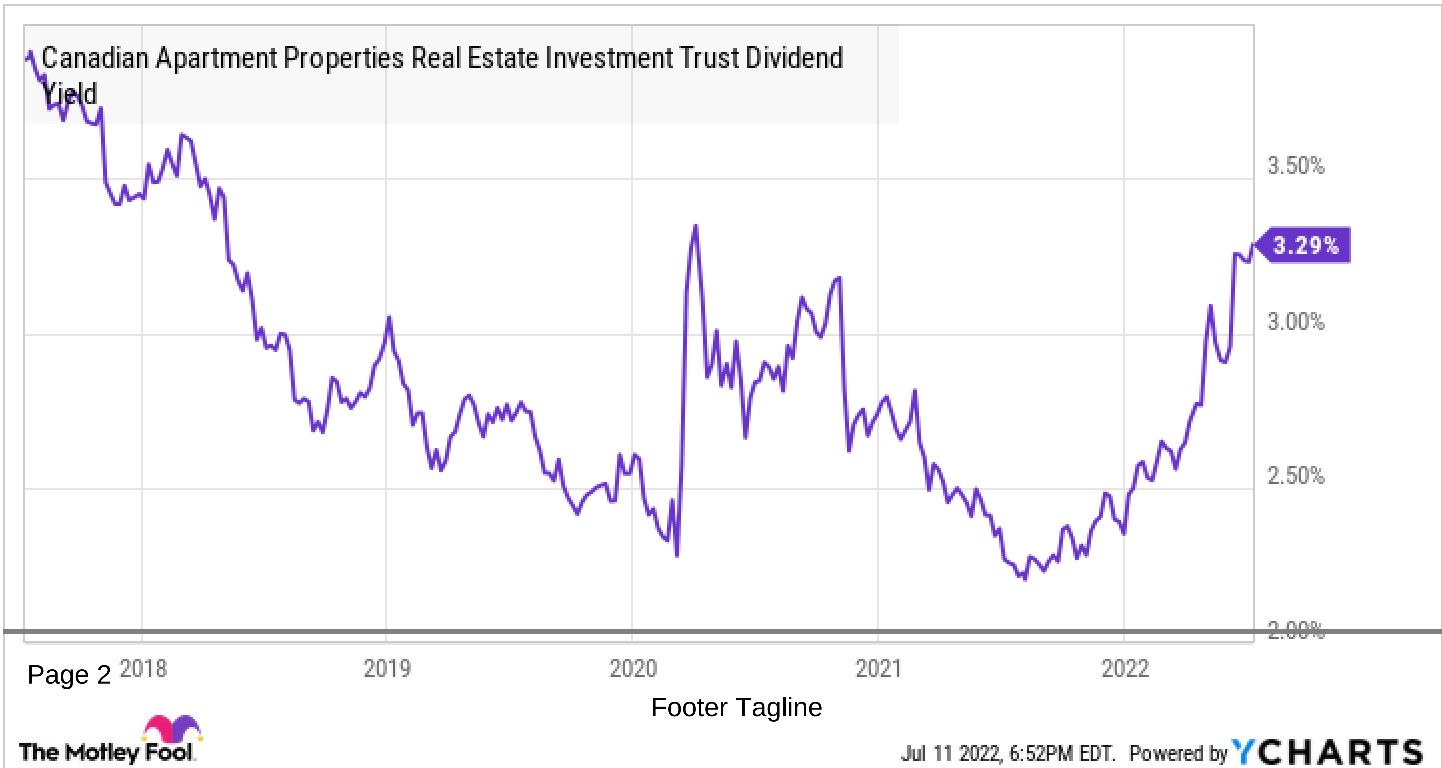
Fortis stock's payout ratio of roughly 79% is sustainable. If need be, it also has a reserve of retained earnings that cover about five years of dividend payments.

Investors just have to focus on buying the defensive dividend stock at a good valuation. The dividend stock has been super resilient in this market downturn. It has only pulled back about 8% from its peak. Patient investors can see if they can grab shares on sale at a yield of over 4% for a lifetime of dividend payments.

A quality residential REIT

You either own your home or you pay rent. **Canadian Apartment Properties REIT** (TSX:CAR.UN) is the largest multi-family residential landlord in Canada that owns rental residential apartment complexes in major urban centres. Roughly 45% of its net operating income comes from the Greater Toronto Area.

The residential REIT has paid increasing cash distributions for about a decade. Its payout ratio has declined from about 76% to 61%. Therefore, its payout is as safe as ever!



CAR.UN Dividend Yield data by YCharts

Importantly, the stock has sold off from a rising interest rate environment. Yahoo Finance indicates an analyst consensus 12-month price target that suggests the quality stock is discounted by approximately 29%. This equates to near-term upside potential of about 41%. Its yield of 3.3% is also decently attractive compared to the recent yield history.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
4. TSX:FTS (Fortis Inc.)
5. TSX:RY (Royal Bank of Canada)

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