3 Dividend Stocks to Buy Hand Over Fist

Description

If you're interested in building a source of passive income, then you should consider buying dividend stocks. Unlike other forms of passive income, dividend stocks have a very low barrier to entry. Because of that, practically anyone can easily build a source of passive income if that's something that they aspire to do. However, it's important to understand what makes a good dividend stock. By failing to do so, investors could seriously hinder returns over the long run. Here are three dividend stocks to buy hand over fist.

Nearly two centuries of dividends

The first thing that investors should check is whether a stock has done a good history of paying dividends. The Big Five Canadian banks would be an excellent example of this. By looking at **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), investors will note that the company first paid shareholders a dividend on July 1, 1833. Since then, it has never missed a dividend payment. That represents 189 consecutive years of dividends being paid out to shareholders.

As a bonus, Bank of Nova Scotia offers a very attractive forward dividend yield of 5.19%. That high-yielding dividend gives investors the opportunity to get good value for their money. A $1,000,000 investment in this stock would generate an annual dividend of $51,900.

One of the best dividend-paying companies

After finding companies that have long histories of paying reliable dividends, investors should focus on stocks that have a history of raising dividend distributions over time. This is important because a stagnant dividend will lose buying power over time due to inflation. Investors can easily find stocks that raise dividends on a consistent basis by consulting the list of Canadian Dividend Aristocrats. This is a list of stocks that have increased dividend distributions over the past five years or more.

Near the top of that list, investors can find **Fortis** (TSX:FTS)(NYSE:FTS). This utility company holds the second-longest active dividend-growth streak among **TSX**-listed companies at 47 years. In fact, Fortis's dividend-growth streak is so impressive that the next longest streak is more than a decade and a half shorter (31 years). Because utility companies tend to receive income on a monthly basis, Fortis is able to plan for its dividend distributions much ahead of time. I would be very comfortable holding this stock in a dividend portfolio.

Check out this outstanding growth

Finally, it's important that investors look for companies that have been able to raise dividends at a very fast rate. This is a key concept to consider, because investors will still lose buying power over time if a company's dividend-growth rate doesn't keep up with inflation. Generally, I look for stocks that are able to maintain a five-year dividend-growth rate of 10% or more.

goeasy is an example of a company with a tremendous dividend-growth rate. In 2014, the company offered a quarterly dividend of $0.085 per share. Today, goeasy's quarterly dividend is a staggering $0.91 per share. That represents a compound annual growth rate of 34.5%, helping keep shareholders ahead of the inflation rate.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jedlloren
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/13
Date Created
2022/08/12
Author
jedlloren