



## 2 Perfect Dividend Stocks for Building a Dependable Stream of Passive Income

### Description

There's never a bad time to think about building a stream of passive income. Having some additional cash generated on the side can go a long way. Whether it's for topping up an emergency fund or treating yourself to a well-deserved holiday, we could all benefit from generating a little extra cash.

Investing in dividend stocks is one of the easiest ways to build a stream of passive income. It could also be an extremely tax-efficient cash-generator too if a [Tax-Free Savings Account](#) (TFSA) is being leveraged. All income generated from investments held within a TFSA is free from being taxed.

Most dividend-paying companies pay out dividends on a quarterly basis. However, there are a select few dividend stocks that pay on a monthly basis.

### How to find the right dividend stocks for you

When it comes to deciding which dividend stocks to invest in, there are two key numbers to look at.

Understandably, the number that is often most eye-catching to passive-income investors is the dividend yield. The yield will tell you how much income you can expect to earn based on the amount of money invested in the dividend stock.

The next number to keep an eye on may require more digging. To determine how dependable a dividend is, or isn't, it's a good idea to see how long a company has been paying a dividend to its shareholders. I'd also suggest researching to see if the company has been increasing the dividend in recent years.

To help get you started, I've reviewed two top dividend stocks that any passive-income investor would be wise to have on their radar. Both companies are Dividend Aristocrats, meaning they've increased their dividends in each of the past five years. They're also both currently yielding upwards of 3.5%.

## Bank of Montreal

The major [Canadian banks](#) are some of the top dividend stocks on the **TSX**. Whether you're looking for a dependable payout or a high yield, or both, the Big Five have you covered.

The oldest bank in the country, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) also boasts the longest payout streak. The \$90 billion bank is only seven years shy of reaching a streak of 200 consecutive years of paying dividends.

A healthy balance sheet, coupled with the bank's global expansion strategy, are two reasons why I strongly believe BMO will continue to be a dependable dividend payer for many more years to come.

## Fortis

When it comes to dependability, utility stocks are second to none. Regardless of how the economy is faring, gas and electric consumption tend to remain fairly stable. As a result, earnings for companies like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) are much more predictable than most others on the TSX.

While Fortis cannot match BMO's nearly 200-year payout streak, there's another very good reason to have it on your radar. The Dividend Aristocrat has increased its dividend for close to 50 consecutive years.

At today's stock price, the utility company's annual dividend of \$2.14 per share yields 3.5%.

If you're looking to keep volatility to a minimum in your passive-income portfolio, Fortis is a perfect choice.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:FTS (Fortis Inc.)

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#### **Date**

2025/08/15

#### **Date Created**

2022/08/25

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