Want Easy Passive Income? Go With These 2 Canadian Dividend Aristocrats

Description

Another rate hike is coming in September 2022 as the Bank of Canada continues to rein in inflation. The policymakers' forecast was for inflation to return to 2% by year-end 2024 to avoid recession. Doug Porter, the chief economist at **BMO** Capital Markets, said the central bank wouldn't cut interest rates anytime soon because it has a long-term battle on its hands.

Josh Nye, a senior economist at **Royal Bank of Canada**, agrees, "Even with the economy likely to see a mild recession next year, we think it will take until 2024 to get inflation back to target, or reasonably close." Meanwhile, investors should take note of the slow grind to bring down inflation.

A 'real risk' to purchasing power

One of the terrible effects of inflation is that it's a 'real risk' to your purchasing power over time. Your dollar can buy fewer goods and services than it did during the pandemic in 2020. Holding cash is okay but it will lose value eventually if it remains idle.

The advice of financial experts is to purchase or stay invested in dividend aristocrats to earn passive income or boost regular income. Nearly all primary sectors of the **TSX** have dividend aristocrats. However, **Canadian Utilities** (TSX:CU) and **TC Energy** (TSX:TRP)(NYSE:TRP) are suitable choices for their lengthy dividend growth streaks.

Lone dividend king

Canadian Utilities is the only dividend king so far in Canada. The $11.2 billion global utility and energy infrastructure company has increased its common share dividend every year for the past 50 years. The goal is to grow dividends in tandem with sustainable earnings growth. Moreover, this growth is linked to the growth of regulated and long-term contracted investments.

The highly contracted and regulated earnings base of Canadian Utilities forms the foundation for continued dividend growth. According to management, it will continue to grow the business through a

$3.5 billion capital plan (2022 to 2024). CU will spend the money on regulated utility and commercially secured energy infrastructure capital growth projects.

About 94% or $3.3 billion will go to investments in regulated utilities. The capital investment should contribute significant earnings and cash flows while creating long-term value for shareowners. If you invest today, the share price is $41.42 (+16.89% year to date), while the dividend yield is 4.29%.

Utility-like business model

TC Energy's dividend growth streak is equally impressive. The energy stock has increased its dividend every year since 2000 despite the sector's volatile nature. Because of the elevated oil prices today, current investors enjoy a 15.8% year-to-date gain in addition to the generous 5.5% dividend yield. Its share price of $66.38 could still appreciate.

Management intends to continue expanding, extending, and modernizing the existing natural gas pipeline network. TC Energy's critical energy infrastructure assets connect North America's premier basins to liquefied natural gas (LNG) export facilities. The $1 billion company has a secured capital program worth $28 billion, and it expects to sanction around $5 billion of projects annually throughout the decade.

Easy passive income

Dividend aristocrats are must-own stocks for stable and increasing payouts regardless of the economic environment. Canadian Utilities and TC Energy are perfect hedges against inflation as your investment will generate easy passive income every quarter.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. TSX:CU (Canadian Utilities Limited)
3. TSX:TRP (TC Energy Corporation)

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