3 Canadian Stocks to Buy for Passive Income Forever

Description

For many investors, including me, the ultimate goal is to have your portfolio pay for your everyday expenses. One way to achieve that is by investing in dividend stocks. Over time, those dividends could accumulate to amounts that greatly supplement or even replace the income you receive from your job.

In this article, I'll discuss three Canadian stocks that investors should consider buying today. These three stocks could generate passive income for the foreseeable future.

Start with one of the best

Fortis (TSX:FTS)(NYSE:FTS) is the first stock that investors should consider buying today. This company provides regulated gas and electric utilities to more than three million customers. It operates facilities across Canada, the United States, and the Caribbean. Because of the nature of its business, Fortis can take advantage of a very predictable source of revenue. That allows the company to provide a very stable dividend to investors.

Speaking of which, Fortis is well known across the country for its long history of raising its dividend. In fact, Fortis holds the second-longest active dividend-growth streak in Canada (48 years). It should be noted that Fortis's dividend-payout ratio tends to fluctuate a great deal. However, due to this company's long history of intelligent capital allocation, I wouldn't let that stop you from investing in this great company.

Consider buying the banks

Investors should also consider buying shares of the Canadian banks. This is because these stocks have performed very well historically. In addition, the industry is known for being fairly stable, with companies being supported by heavy regulations. These regulations make it difficult for smaller competitors to displace the industry leaders. That's why the Big Five banks are very popular among Canadians.

Of that group, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is my top pick. This company's dedication to growing internationally is what attracts me to it. However, Bank of Nova Scotia should also be noted for its dividend. The company has managed to pay investors a dividend in each of the past 189 years. In addition, it offers investors a very attractive forward dividend yield of 5.78%. Bank of Nova Scotia is a great dividend stock that also gives investors a bit of growth potential.

Invest in this massive company

Finally, investors should consider adding **Canadian National Railway** (TSX:CNR)(NYSE:CNI) to their portfolios. This is the largest railway company in Canada, operating 33,000 km of track. What interests me about the railway industry is how important its role is in our economy. Currently, there isn't a viable way of transporting large amounts of goods over long distances if not via rail. That could give companies like Canadian National an opportunity to stay in high demand in the future.

In terms of its dividend, Canadian National is about as impressive as they come. This company has managed to increase its dividend in each of the past 26 years. That makes it one of only 11 TSX-listed stocks to reach that mark. With a dividend-payout ratio under 40%, Canadian National could continue to comfortably raise its dividend in the coming years.

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