



2 Top Dividend Stocks to Buy With Decades of Passive Income Potential

Description

The last year has been a rough one. Naturally, this has not gone unnoticed by the market, which has fallen 8.4% this year alone. But while rising interest rates and inflation are foreshadowing rough economic times, we can still find top dividend stocks to buy – stocks that have the potential to generate passive income for decades to come.

Without further ado, here are two such stocks to buy.

Fortis – A 4.1% dividend yield

Fortis Inc. ([TSX:FTS](#)) is a \$26 billion utility company that has a diversified list of utilities. This means that it has utilities that are spread out across North America. It also means that Fortis has diversified assets, including transmission assets and distribution assets, as well as cleaner energy fuel and renewable energy assets. Simply put, this long list of geographical and asset exposure provides good diversification that breeds reliability and consistency.

So, what makes Fortis a top stock to buy? And why does it have the potential to generate passive income for decades to come? Well, the answers are actually quite simple. Firstly, [being a utility company](#), Fortis is very resilient and immune to economic hardships. In fact, people, companies, and society all need power regardless of the economic conditions around them. It's similar to our need for food and shelter. It is one of the last expenditures that will be curtailed in financial hardship.

Secondly, like so many other companies, Fortis is benefitting from population growth in North America. For example, Canada welcomed more than 400,000 immigrants in 2021, the most ever in any single year. Going forward, this influx of immigrants will continue. This growth will support the economy and drive demand for more and more energy.

Fortis is a top dividend stock for this big-picture reality, but also for its company-specific performance. This company has simply [proven itself over time](#) – it's reliable, consistent, and high quality. For example, this year marked its 49th consecutive year of dividend growth. This unbeatable track record of dividend growth is a key part of what makes Fortis stock a top stock to buy.

BCE – A top telecom stock to buy with a 6.08% yield

This \$55 billion telecom giant is benefitting from the same macroeconomic dynamics that Fortis is. Plus, it also has a strong history of excellence and resilience. As Canada's largest telecom services company, **BCE Inc.** ([TSX:BCE](#)) is as defensive and predictable as they come. In fact, in each of the last five years, BCE reported operating cash flows of over \$7.3 billion. Also, the company generated free cash flow of over \$3 billion in each of the last five years. Lastly, BCE's dividend has grown at a compound annual growth rate of more than 5% in the last 20 years.

Reliability and predictability – they are what makes a dividend stock a top stock to own. They are what gives me confidence in the ability to generate passive income for decades to come. And BCE has all of this in spades. Currently, BCE's dividend yield exceeds 6%. This is extremely generous, especially given the low risk that is inherent in BCE stock.

BCE currently boasts the fastest and farthest-reaching broadband internet connection. This is matched by its leading fibre optic network, which is reaching more and more Canadians, and strengthening BCE's competitive position.

As a top dividend stock to buy for passive income, BCE checks off all the boxes.

CATEGORY

1. Dividend Stocks
2. Investing

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