Passive Income Seekers: 2 Stocks With Safe Dividend Payouts

Description

Different investors have different perspectives and need for passive income. For some investors, passive income is simply additional income that they can divert towards non-essential expenses and luxuries. They may be open to going for relatively riskier but better-paying options for their passive income.

While others are looking to dividend stocks for passive income that you can augment your primary income with, and stability is just as important as yield. Here are two such tried-and-tested dividend aristocrats that you may consider adding to your portfolio.

A telecom giant

BCE (TSX:BCE) is the largest telecom company in Canada by market cap, and among the best 5G stocks currently trading on the TSX, simply by virtue of its massive presence. The company has multiple business avenues, including wireline (including broadband), wireless, and media (in order of the revenue they generate).

BCE has over 23.5 million consumers across different business segments. Though mobile consumers are easily the largest pool, followed by internet consumers.

Like most other telecom companies, BCE has the potential to explode alongside technologies like 5G and the Internet of Things (IoT), when potentially millions of new “machine” consumers will come online (smart devices connected to the internet). When that happens, you may experience unprecedented capital appreciation. But till then, the company is a great dividend stock to buy and hold long term.

BCE is an established aristocrat that has grown its payouts for well over a decade. More recently, it’s been quite generous with its dividend increases. Between 2018 and 2022, the company has grown its payouts by over 21.8%. Right now, it’s offering a juicy yield of 5.8%. The payout ratio is a bit shaky, but the company is unlikely to suspend or slash its payouts in the near future.

A utility company

If you are looking for a safe and stable dividend stock, few companies come even close to **Fortis** (TSX:FTS). As a utility company with a massive regional and international presence and millions of electric and natural gas consumers, Fortis has deep roots in a virtually evergreen business. Since most of its operations are regulated, its revenues are relatively consistent.

This consistency is supported by the consumers' attitude and relationship with the main "product" Fortis offers, i.e., utilities. They are always needed, and like food and housing, it's one expense that is always prioritized over other avenues of spending.

As a dividend stock, Fortis has an exceptional history. It's the second oldest aristocrat in Canada and on the verge of becoming a dividend king by growing its payouts for 50 consecutive years. But FTS stock offers more than the 4% dividend yield and a high probability that the payouts will only go up in the future. You also get decent capital appreciation potential if you invest in Fortis.

Foolish takeaway

Both large-cap and blue-chip stocks offer stable and safe dividends. Since both BCE and FTS are aristocrats, the passive income you generate with the two companies will be able to keep pace with or stay ahead of inflation. The capital appreciation can be considered an additional benefit.

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