3 of the Safest Dividend Stocks on Earth Right Now

Description

The macro outlook is negative this year. Economists believe a recession will occur in the first half of 2023. As you may know, a recession is technically defined as two consecutive quarters of gross domestic product decline.

Investing in dividend stocks that tend to increase their payouts is a good way to invest long-term capital. Here are some of the safest dividend stocks on Earth to invest in right now.

Sun Life Financial

Sun Life Financial (TSX:SLF) is a quality life and health insurance company. The dividend stock delivered market-beating returns in the past decade with annualized returns of 16% compared to the Canadian stock market's 8.2%.

The insurance company just signed a deal with Dah Sing Bank, a home-grown bank in Hong Kong, for $260 million to become the bank's exclusive life insurance provider for its 570,000 retail customers. Consequently, Sun Life now has insurance partnerships with over 20 banks in seven markets in Asia. The deal will be in effect starting in July, following the completion of regulatory processes and approvals.

At $65.54 per share at writing, SLF stock is reasonably valued and yields 4.4%. Its trailing 12-month payout ratio is 52% of net income available to common shareholders. Interested investors can nibble here for safe passive income that'll grow over time. It'd be a good idea to continue adding shares on meaningful dips as well.

RBC stock

Royal Bank of Canada (TSX:RY) is another wonderful business whose dividend stock trades at a fair value. The bank stock has been particularly resilient through economic cycles versus its peers. Its revenue diversification is primarily as follows: personal and commercial banking (40% of fiscal 2022 revenue), wealth management (30%), capital markets (18%), and insurance (7%). Its revenue mix is roughly 59% in Canada, 25% in the United States, and 16% in other geographies.

It delivered market-beating returns in the past decade with total returns of 12.7% — 4.5% higher than the Canadian stock market's. At $134.71 per share at writing, RBC stock offers a yield of 3.9%.

Emera stock

Utilities are typically a good area to invest for income. Because of higher interest rates in 2022, typically debt-heavy utility stocks like **Emera** (TSX:EMA) has sold off. This provides an opportunity for investors to accumulate shares at a higher yield. At $54.22 per share at writing, the fairly valued utility yields 5.1%. Its trailing 12-month payout ratio is 67% of net income available to common shareholders.

The regulated utility has a focused capital growth plan that's 75% in Florida and targets a rate base growth rate of 7-8% through 2025. This allows the dividend stock to continue making safe increases of 4-5% annually to its dividend through 2025.

The Foolish investor takeaway

Investors do not need to be overly worried because a soft landing is expected in this recession. Still, risk-averse investors can be conservative and pick up defensive stocks that pay good dividends when they trade at good valuations. Some of the safest dividend stocks you can consider buying on earth right now include Sun Life, RBC, and Emera.

CATEGORY

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TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)
2. TSX:RY (Royal Bank of Canada)
3. TSX:SLF (Sun Life Financial Inc.)

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