3 Canadian Dividend Stocks to Buy Right Now

Description

Investing in dividend stocks is a practical way to build a passive-income stream. All it requires is picking out at least one dividend-paying company on the **TSX** and buying shares of it. And depending on the account you own them in, the income generated could be completely tax-free.

One of the drawbacks of owning dividend stocks in your portfolio is that the dividend payment is never guaranteed. Companies have the right to cut its dividend if it feels that the money earmarked for the dividend could be better used in other areas of the business.

There's a trade-off when it comes to investing in dividend stocks. A non-guaranteed payment is not ideal for someone looking to build passive income. But on the bright side, the TSX has no shortage of Dividend Aristocrats that own payment streaks spanning decades and yields upwards of 4%.

My suggestion for anyone looking to earn a passive income would be to pick three reliable dividend stocks that have a track record you can count on. Here are three top Canadian picks you'll want to consider.

Dividend stock #1: Bank of Nova Scotia

The Canadian banks are an excellent place to start if you're in search of top dividend stocks. The Big Five all have respectable yields today — some of which also have dividend-paying track records spanning decades.

Bank of Nova Scotia's (TSX:BNS)(NYSE:BNS) dividend-payment streak goes a long way past a few decades. The $95 billion bank has been paying dividends to its shareholders for close to two centuries.

In addition to that, it has the highest yield among the major Canadian banks. Bank of Nova Scotia's annual dividend of $3.60 per share earns investors a yield of 4.5% at today's stock price.

If dividend stocks are what you're in search of, there aren't many companies I'd have above Bank of Nova Scotia on my watch list.

Dividend stock #2: Telus

Telus (TSX:T)(NYSE:TU) can't match some of the Canadian banks' dividend-payout streaks. What it can offer shareholders, though, is a certain amount of growth potential in the coming decade.

The telecommunication stock's dividend yields 4.7% today — the highest amongst the three companies on this list. It has a modest 20-year payout streak that not many companies with a yield that high can match.

The growth element from this dividend stock comes from the expansion of 5G technology. We are still very early in the growth days of the 5G rollout, but we are beginning to understand just how much of an impact this could have on our everyday lives.

Telus shareholders won't receive the same type of reliability you'd get from owning one of the Big Five. However, earning market-beating growth on top of a nearly 5% dividend yield over the next decade is certainly not out of the question for Telus shareholders.

Dividend stock #3: Algonquin Power

Last on my list is a dividend stock that offers investors the best of both Bank of Nova Scotia and Telus.

As a utility company, **Algonquin Power** (TSX:AQN)(NYSE:AQN) has a predictable revenue stream that allows it to be as steady a TSX stock that you can find. That dependability translates into both a reliable dividend and low levels of volatility with regards to the share price.

Algonquin Power has been paying a dividend for nearly 20 years and yields 4.5% at today's stock price.

The reason this dividend stock compares to Telus is because it also provides shareholders with a chance to earn market-beating growth. Algonquin Power has exposure to the fast-growing renewable energy sector, which is a major reason why it has outperformed the market over the past five years.

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