INCOME INVESTORS

5 Dividend Stocks to Own Forever

Lombardi

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Can you really find high-yield dividend stocks to hold forever? It might be easy for an investing guru like Warren Buffett to say his favorite holding pattern is forever. But "forever" is a long time for the average investor.

When buying a high-yield dividend stock, you must consider your long-term horizon. For starters, you might want to think of "long term" as in 15 or 20 years. That's more than enough time for high-yield dividend growers to make a serious impact on your retirement portfolio.

The reason is that large-cap, high-yield dividend growers returned an average of 9.3% annually from 1972 to 2014. That compares with just 2.6% for non-dividend-paying stocks.

In addition to getting both capital appreciation and higher annual dividend yields, if your investing horizon is long-term, you don't need to worry about daily gyrations and short-term volatility. If anything, you can take advantage of the dips.

Admittedly, not all stocks are suitable long-term buys. A dividend stock you're going to commit to for 15 or 20 years should have certain characteristics. This includes having a strong balance sheet that allows the company to grow and continue to pay and increase its annual dividend; products and services that are, for the most part, recession-proof; a strong international footprint; and a long-term business strategy.

That might sound like a tall order, but there are many excellent large-cap, high-dividend-yielding stocks that provide investors with considerable annualized returns. These are the kind of dividend growth stocks investors like Buffett love to have and to hold forever.

Procter & Gamble Co[1]

Headquarters: Cincinnati, OH
Listed: New York Stock Exchange
Dividend Yield: 2.52%

With billions of customers in the Americas, Asia, Europe, the Middle East, and Africa, **Procter & Gamble Co** (NYSE:PG) is a consumer staples juggernaut that has been in business for over 180 years.

The company is focused on five business segments: Beauty; Grooming; Health Care; Fabric and Home Care; and Baby, Feminine and Family Care. Some of its most popular brands are "Pampers," "Always," "Tampax," "Bounty," "Charmin," "Tide," "Gain," "Dawn," "Cascade," "Swiffer," "Pantene," "Head & Shoulders," "Olay," "Gillette," "Braun," "Venus," "Crest," "Oral-B," and "Vicks."

While Procter & Gamble may not be the most exciting stock, it's a consumer defensive stock that quietly rewards buy-and-hold investors. Since 1968, the company's share price has advanced more than 20,000%. And its growth continues: over the past year, the stock has increased by roughly 20%.

What's even better for buy-and-hold investors is Procter & Gamble's dividend growth. The company currently pays an annual dividend yield of 2.18%. It has raised its annual dividend for the last 65 consecutive years.

The vast majority of investors see the long-term value of holding Procter & Gamble stock forever. Less than one percent of the company's shares are shorted.[2]

Altria Group Inc

Headquarters: Richmond, VA
Listed: New York Stock Exchange
Dividend Yield: 7.27%

Sin stocks are not for everyone. But if you don't have any issues investing in cigarettes (and making lots of money in the process), then **Altria Group Inc** (NYSE:MO) should be on your radar.

Altria is one of the world's largest producers and marketers of tobacco, cigarettes, and related products. The company's leading brands include "Marlboro," "Copenhagen," "Skoal," and "Black & Mild." It also produces and sells wine via **Ste. Michelle Wine Estates Ltd.**, a collection of wine estates and the maker of "Chateau Ste. Michelle."[3]

MO is almost the perfect dividend stock to hold forever. The company's ability to generate impressive gains is almost unparalleled among stocks.

Since 1991, Altria has delivered total shareholder returns of roughly 6,000%—which is much greater than the returns of the S&P 500. Altria stock has gained over 1.8% in the past year alone, while the S&P 500 has declined over eight percent.

Altria also has one of Wall Street's most impressive dividend growth stories, having increased its payout annually for 52 years.

General Mills, Inc.[4]

Headquarters: Minneapolis, MN
Listed: New York Stock Exchange
Dividend Yield: 2.98%

General Mills, Inc. (NYSE:GIS) is one of the largest food companies in the world, with products found in more than 100 countries. The company categorizes sales into several business segments: North American Retail; Europe and Australia; Asia and Latin America; Convenience Stores and Foodservice; Joint Ventures; and Pet.

Several of General Mills' brands hold top-selling market positions, including "Pillsbury" refrigerated dough, "Annie's" organic foods, "Cheerios" and "Lucky Charms" cereals, "Betty Crocker" dessert mixes, "Häagen-Dazs" ice cream, and "Yoplait" yogurt.

Despite owning some of the world's most recognizable brands, General Mills has been reshaping its portfolio for growth. Moreover, the company is focusing its resources on brands and geographic markets with the greatest opportunities.

In addition to selling or closing certain international business units, the company has been acquiring new businesses to modernize its product portfolio and meet the changing tastes of its growing customer base.

In a volatile market, General Mills continues to reward long-term investors with its high dividend yield. Moreover, General Mills, along with its predecessor firm, has paid dividends without interruption for 122 years.[5]

And unless people stop eating cereal, cookies, and ice cream, I expect that tradition to continue for many more years to come.

Consolidated Edison, Inc.[6]

Headquarters: New York, NY
Listed: New York Stock Exchange
Dividend Yield: 3.32%

Consolidated Edison, Inc. (NYSE:ED) helps ensure that New York remains the "city that never sleeps." For well over a century, Consolidated Edison has delivered electricity to metropolitan New York.

Consolidated Edison's principal business segments include **Consolidated Edison Company of New York, Inc.** with its regulated electric, gas, and steam utility activities; **Orange & Rockland Utilities, Inc.** (O&R) with its regulated electric and gas utility activities; **Con Edison Clean Energy Businesses, Inc.** with its renewable and energy infrastructure projects; and **Con Edison Transmission, Inc.** with its electric and natural gas transmission projects.

Consolidated Edison Company of New York provides electric service to approximately 3.3 million customers and gas service to approximately 1.1 million customers in New York City and Westchester County. O&R provides electric service to over 300,000 customers in southeastern New York and northern New Jersey and gas service to 130,000 customers in southeastern New York.

Thanks to the company's strong performance and the regulated industry in which it operates, Consolidated Edison has been able to put up some impressive numbers; over the past year, it has gained over 20%.

For buy-and-hold income investors, there are few companies better than Consolidated Edison. The company started paying a dividend in 1885, and it has increased its annual dividend for each of the last 47 years.[7]

Welltower Inc

Headquarters: Toledo, OH
Listed: New York Stock Exchange
Dividend Yield: 2.97%

Welltower Inc (NYSE:WELL) owns and funds seniors' housing, post-acute care facilities, and outpatient medical properties, all of which have benefited from a graying America.[8]

Over the coming decades, few businesses will likely do better than senior housing. Each day, more than 10,000 baby boomers turn 65.[9]

And as more people enter their golden years, a larger percentage of the population will need assisted-living arrangements. Some will opt for retirement communities. On the other side of the spectrum, others will require full-service nursing homes. Meanwhile, other people will need something in between.

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Regardless, it means there are good times ahead for owners of these facilities. Today, the industry needs to build 25,000 units of senior housing per year to keep up with demand. Analysts project that, by 2030, this number will grow almost fourfold to 96,000 per year.[10]

Welltower has positioned itself for the coming boom. The company owns interests in properties concentrated in major, high-growth markets in the U.S., Canada, and the U.K.

These investments can be quite lucrative. Welltower has focused on urban centers, where high barriers to entry prevent new competition. Good assisted-living facilities can earn returns superior to those of multifamily or student housing.

What's more, during the pandemic, the importance of well-run assisted-living facilities was highlighted with potentially life-and-death consequences, meaning more people will seek out reliable providers with decades of experience like many of the properties within Welltower's portfolio. And there's no reason to believe that COVID-19 is going anywhere anytime soon—meaning this will likely remain a critical factor for years to come.

Welltower's fund flows from operations (a common measure of profitability in the real estate business) should continue to grow over the next 10 years, thanks to acquisitions, rent hikes, and cost-cutting measures.

Since 1993, Welltower stock has delivered a total return of almost 1,400%, including dividends. And given the property owner's long track record, that payout should grow more or less in line with profits. ■

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NYSE: New York Stock Exchange
NASDAQ: Nasdaq Stock Market
OTCBB: Over-the-Counter Bulletin Board
OTCMKTS: Over-the-Counter Markets
TSX/TSE: Toronto Stock Exchange
TSXV/CVE: Toronto Stock Exchange Venture Exchange