



Create Your Own Pension Plan With These 3 Stocks

Description

Like rotary phones, mullets, and New Coke, the days of defined benefit pensions are long gone for most Canadians.

Sure, there are a few exceptions — like those of us who work for the government — but for the most part, Canadians are going to be responsible for funding our own retirement. And collectively, we're not doing a good job. There's more than \$500 billion in unused RRSP contribution room. A full 60% of us have less than \$25,000 set aside for retirement. Even paper-rich baby boomers may be forced to start selling real estate en masse in an attempt to downsize and unlock equity.

Don't think that CPP or Old Age Security will help you either, since all the average retiree can hope for from those two programs is monthly payments of \$596 and \$550, respectively. Sure, they'll help, but it's pretty tough to live on \$13,000 per year.

It's not all bad news though. If you start early enough and invest aggressively, anyone can build up huge positions in rock solid Canadian companies that have a history of outstanding results, great profits, and most importantly, a growing dividend.

Running out of money is a fear that almost every retiree has. Nobody wants to spend their golden years worrying about money. These three dividend growth stocks protect against that, as they continue to raise their dividends faster than the pace of inflation.

Dollarama

Growth looks to be strong going forward for **Dollarama** ([TSX: DOL](#)), as the company looks to add an additional 120 stores to its 800-store footprint over the next 18 months. The company is also enjoying robust same-store sales growth of almost 5% annually, improving operating margins, and a market analysts agree is underserved. Analysts estimate there's potential for an additional 1,700 dollar stores in the long term.

While the dividend is yielding less than 1% currently, the company's days of paying a dividend are just beginning. Currently less than 20% of its earnings are needed to cover the dividend, meaning there's

plenty of room in the future to start increasing payments.

BCE

Bell Canada Enterprises ([TSX: BCE](#))([NYSE: BCE](#)) provides internet, television, and wireless services for approximately 19 million Canadians. It is Canada's leader in telecom services.

Not only is BCE poised to profit from increased demand for internet, but it also has a burgeoning media content division that's almost an afterthought. The company uses its ownership of such television brands as CTV, TSN, Much Music, and BNN as cheap content for its television service, and it also gives wireless subscribers exclusive access to those channels via their mobile device.

Oh, and it also pays a dividend of more than 5% and keeps on increasing it year after year.

TransCanada

Canada's energy sector is second to none. We have some of the best managed energy companies, have ample reserves, and have the infrastructure to transport everything around. There's only one problem, and that's that oil prices have a habit of going down sometimes.

That's why I like **TransCanada** ([TSX: TRP](#))([NYSE: TRP](#)) and its network of pipelines. Instead of taking energy price risk, TransCanada gets paid for every liter of oil and natural gas that passes through its 57,000 kilometer pipeline network. Sure, it's not a flashy name, but investors can be confident that profits will slowly increase over time. And with increasing profits comes an increasing dividend.

You may have heard of its next big potential project, Keystone XL. Assuming it actually gets approved, it'll be a nice boost for this 3.9% yielder. TransCanada is a nice, steady name with just enough growth to keep that attractive dividend ticking higher every year.

Foolish bottom line

If these stocks can continue to grow dividends at the same rate as they have over the past 40 years, all an investor needs to do is buy them now, continue to buy more on weakness, and just watch the dividends flow in. It's the closest thing many of us will ever get to our own gold-plated pensions.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:DOL (Dollarama Inc.)
5. TSX:TRP (TC Energy Corporation)

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