

2 Top RRSP Picks for Millennials

Description

The registered retirement savings plan (RRSP) deadline is fast approaching, and many investors are still trying to figure out which stocks they should add to their retirement portfolio this year.

Young investors have time on their side and should look at long-term growth prospects that can be purchased and forgotten about until they need to remove the money for retirement.

Here are the reasons why I think millennials should consider **Potash Corp./Saskatchewan Inc.** (TSX:POT)(NYSE:POT) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) for their RRSPs.

Potash Corp.

As the global population continues to increase, the amount of productive land available to grow crops is rapidly falling prey to urban development. This puts pressure on growers to squeeze more production out of every square metre of land, and the use of crop nutrients plays a large part in that process.

Global potash sales hit a record last year, and projections are calling for modest growth again in 2015. Potash Corp has invested heavily in a series of expansion projects that are nearing completion, and investors should see the benefit of a substantial boost to free cash flow as the transition is made from development to production.

The company is adding new production at a time when prices are expected to increase, and a major competitor has just shut down a large mine. Russia-based **Uralkali OAO** is the world's largest potash producer, but the company is dealing with a sinkhole that is allowing salty water to enter the mine. The facility represents about 20% of Uralkali's production.

Potash Corp pays a dividend of US\$1.52 that yields about 4.2%. The payout has increased more than 400% in the past four years, and investors should see continued growth in the distribution.

Bank of Montreal

Canada's oldest bank has been paying dividends since 1829! The company is betting big on the U.S. economy, and that strategy appears to be working well. The company first entered the U.S. market in the 1980s when it purchased Chicago-based Harris Bankcorp. In 2011, Bank of Montreal bought Wisconsin-based Marshall and Ilsley for \$4.1 billion.

The move has established BMO Harris Bank as a strong competitor in the U.S. Midwest, where the company is seeing solid commercial loan growth.

Bank of Montreal is also expanding its international wealth management operations. The diversification outside of Canada will help the company navigate through the tough conditions that are expected to hit the Canadian retail market in the next year or two.

Bank of Montreal pays a dividend of \$3.20 per share that yields about 4.1%.

Why buy?

Both Potash and Bank of Montreal are stocks that young investors can simply buy and forget about for decades. This makes them great choices for an RRSP.

CATEGORY

1. Bank Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)

Category

1. Bank Stocks
2. Investing
3. Metals and Mining Stocks

Date

2025/08/04

Date Created

2015/02/11

Author

aswalker

default watermark

default watermark