



## RRSP Investors: Is Telus Corporation or Enbridge Inc. a Better Bet Today?

### Description

As pension plans continue to disappear, Canadians are being forced to take control of their retirement planning.

One popular way to save for the future is to hold dividend stocks in an RRSP.

Let's take a look at **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) to see if one is a better pick.

### Telus

Telus has avoided the temptation to plough billions into media assets, and that has analysts split on whether or not the company will fall behind its peers in the coming years.

Given the recent changes to TV services, I think the strategy of avoiding the content side of the communications business could turn out to be a wise one.

### Why?

Canadians now have the option to choose their TV channels on a pick-and-pay basis. The new program launched in March, so it is too early to tell how things will shake out, but there is a risk that content owners could take a hit if TV viewers decided to scale back their subscriptions.

Telus has taken a pass on sports teams and television channels, but it is investing in other areas.

The company is building a formidable health business called Telus Health, which is already Canada's leading provider of digital health solutions to hospitals, insurance companies, and physicians. As the sector grows, investors should see the division become a significant contributor to the revenue mix.

Telus is also spending a ton of money to ensure it offers the best customer service in the industry. That appears to be paying off as the company boasts the lowest mobile churn rate in the country and has enjoyed 22 straight quarters of higher average revenue per user on a year-over-year basis.

The current dividend yields 4.2% and investors should see the distribution increase by at least 8% per year through 2020.

## **Enbridge**

Enbridge took a hit last year as investors bailed out of any stock connected to the energy sector.

The fear is warranted for producers with shaky balance sheets, but Enbridge doesn't produce oil; it simply transports the stuff. As such, investors should focus more on throughput rather than the price of the commodity. As of the Q1 2016 earnings report, Enbridge's core customers were still sending record volumes through the liquids mainline.

The company could certainly see slower demand for new pipeline infrastructure in the near term, but Enbridge has a nice backlog of projects to keep it busy until the market recovers.

In fact, Enbridge plans to complete \$18 billion in new assets over the next three years. As the new infrastructure goes into service, revenue and cash flow should grow enough to support annual dividend increases of at least 8%.

The current distribution offers a yield of 4.1%.

## **Which should you buy?**

Both stocks are great long-term holdings. A few months ago I would have given the nod to Enbridge, but the rally since January has wiped out a large part of the advantage. At this point, I would say it's pretty much a coin toss between the two stocks.

## **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **POST TAG**

1. Editor's Choice

## **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TU (TELUS)
3. TSX:ENB (Enbridge Inc.)
4. TSX:T (TELUS)

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