RRSP Investors: 3 Great Dividend Stocks for the Next Decade

Description

When investing inside a RRSP, TFSA, or other savings account that likely won't be touched for a long time, many investors like to load up on the kinds of companies they can hold for many years.

These so-called forever stocks are perfect. They allow an investor to buy and not monitor them, freeing up time for other endeavours. I'm not suggesting anyone should forget about their portfolio, but there's certainly a case for buying and holding great companies that don't require much supervision over the long term.

Or, as Warren Buffett puts it, "our favourite holding period is forever."

Here are three great forever stocks that will look good in anyone's portfolio for years to come.

Telus

Telus Corporation (TSX:T)(NYSE:TU) has long been a favourite of dividend investors. It's easy to see why.

Many consider the company the finest telecom in the country. It continues to grow wireless subscribers at a decent rate while keeping its churn rate lower than competitors'. Telus is also growing its internet and television subscriber bases. This growth plus a commitment to cost control ensures the company grows its bottom line at a steady pace.

Much of this net income is returned back to shareholders through dividends and share buybacks. Telus has a consistent record of raising its dividend twice a year over the last five years with 2016 looking to continue that trend. This kind of dividend growth coupled with a 4.3% current yield is especially attractive. And to top it all off, Telus has reduced its share count by more than 10 million over the past year.

CIBC

Thanks to a recently announced acquisition, shares of **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) could easily bridge the valuation gap between the company and its peers, resulting in some nice short-term upside.

For years, the company focused on Canada while its competitors expanded into the United States and other countries. This created more diverse income, which the market liked. Thus, CIBC tended to trade at a discount to its peers. Management changed that by agreeing to buy Chicago-based PrivateBancorp for US$3.8 billion.

That's just one reason to like CIBC over the long term. Others include a sweet 4.8% dividend–which is the highest of the "Big Five" Canadian banks–its strong retail and wealth management franchises here in Canada, its reasonable valuation, and a history of outperformance. It's hard to go wrong buying a

Canadian bank, especially one with a very obvious catalyst.

Inter Pipeline

After oil collapsed back in 2014, many dividend investors got slammed as formerly rock-solid dividends were first cut and then disappeared altogether. This caused many to swear off the sector forever.

But there's a better solution. Buying Canada's top pipeline companies can let investors have exposure to oil's upside while collecting nice dividends.

Inter Pipeline Ltd. (TSX:IPL) has a number of things going for it. Firstly, the company gets more than 80% of its income from Alberta–a place which is fairly friendly to energy companies. This advantage is constantly understated.

It also has significant unused capacity in its three main oil sands pipelines, which will be a nice thing once production from the region really picks up again. The company will be able to add to its bottom line without doing much of anything.

Inter Pipeline pays a fine 5.7% dividend today, and it has a nice history of dividend growth on its side. Since 2006 dividends have been increased at an average rate of about 7% per year. That's a nice combination to hold over a decade or two.

Conclusion

Investing doesn't have to be so hard. It can be as simple as loading up on fine companies such as Inter Pipeline, CIBC, and Telus and holding them for a long time. What are you waiting for?

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