

2 Quality Stocks With Yields of 4-6% for Your RRSP

Description

Opening and contributing to a Registered Retirement Savings Plan (RRSP) is a great way to set money aside for retirement, and deductible contributions can help reduce your taxes.

Let's take a closer look at **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) and **Acadian Timber Corp.** ([TSX:ADN](#)) to see why they would make great additions to your RRSP today.

BCE Inc.

BCE is Canada's largest communications company, including its leading provider of high-speed internet services, its leading provider of television services, and its third-largest wireless provider. As of June 30, it has approximately 20.93 million subscribers.

BCE currently pays a quarterly dividend of \$0.6825 per share, representing \$2.73 per share on an annualized basis, and this gives its stock a very high yield of about 4.4% at today's levels.

Its cash flow supports its dividend. In the first half of 2016 BCE's free cash flow totaled \$1.35 billion, and its dividend payments totaled just \$1.12 billion, resulting in an 82.7% payout ratio. Its payout ratio was above its target range of 65-75% in the first half of the year, but it stated that it's on track to be within its target range by year-end.

On top of having a high and safe yield, BCE is one of the market's best dividend-growth stocks. It has raised its annual dividend payment for seven consecutive years, and its 4% hike in February has it on pace for 2016 to mark the eighth consecutive year with an increase.

I think BCE's consistently strong growth of free cash flow, including its projected 4-12% year-over-year increase in fiscal 2016, and its acquisition of **Manitoba Telecom Services Inc.**, which is expected to close at the end of 2016 or early 2017 and provide immediate free cash flow accretion and significant operational synergies and tax savings, will allow its streak of annual dividend increases to continue for the foreseeable future.

Acadian Timber Corp.

Acadian is one of the leading suppliers of primary forest products in eastern Canada and the northeastern United States, including sawlogs, pulpwood, and biomass by-products. It's also the second-largest timberland operator in New Brunswick and Maine with approximately 2.4 million acres of land under management, and it owns and operates a forest nursery in New Brunswick.

Acadian currently pays a quarterly dividend of \$0.25 per share, representing \$1.00 per share on an annualized basis, giving its stock a very high yield of about 5.6% today.

Like BCE, Acadian's cash flow supports its dividend. In the first half of 2016 its free cash flow totaled \$8.91 million (\$0.53 per share), and its dividend payments totaled just \$8.37 million (\$0.50 per share),

resulting in a 93.9% payout ratio, which is essentially in line with its long-term target of 95%.

Acadian is also an up-and-coming dividend-growth stock. It has raised its dividend twice since the start of 2015, and its most recent hike in October 2015 has it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

I think Acadian's strong operational performance and the positive outlook on the industry by forecasters, including predictions that U.S. lumber and sawtimber demand will continue to grow at over 5% annually over the next few years to support domestic construction needs, will allow it to continue to grow its dividend over the next several years, making it one of the best long-term investment opportunities in the industry.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:ADN (Acadian Timber Corp.)
3. TSX:BCE (BCE Inc.)

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Date

2025/09/28

Date Created

2016/09/09

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