

## 2 Top Dividend Stocks for RRSP Investors

### Description

Canadians are relying on their RRSP investments to help them retire in comfort.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) to see why they might be attractive picks.

#### TransCanada

TransCanada had a rough run in 2015, but positive developments have brought investors piling back into the stock.

What's the scoop?

The oil rout and President Obama's rejection of the Keystone XL pipeline sent some investors running for the exit last year, but those with a long-term view used the sell-off as an opportunity to pick up the stock at a very attractive price.

The Keystone decision is definitely a setback, but TransCanada has other projects on the go that will deliver solid growth. In fact, after the company's recent US\$13 billion acquisition of Columbia Pipeline Group, the company has a near-term commercially secured development backlog worth \$25 billion.

As these assets go into service, TransCanada should see revenue and cash flow increase enough to support annual dividend growth of at least 8% for the next few years.

The mega projects aren't dead. Keystone could be back on the table in 2017 if Trump wins the U.S. election, and Energy East still has a shot at being built. At some point, I think one of the two major pipelines will eventually get the green light, and the stock doesn't reflect that possibility.

TransCanada's current dividend provides a yield of 3.7%.

#### Telus

Telus is one of those stocks you can simply buy and forget about for a decade.

The company holds a comfortable position in the cozy Canadian communications industry, which is dominated by a handful of large businesses that are partner-competitors in many areas of the sector.

Once in a while the government tries to convince the public that more competition is on the way, but there is actually little risk of a new nationwide entrant coming in to mess up the party.

Telus has avoided the temptation to dive into the media game and has instead decided to invest in expanding the reach of its world-class wireline and wireless networks.

The company also spends big money to make sure it provides the best customer service in the industry. The approach appears to be working as Telus regularly boasts the lowest mobile churn rate in the sector and has seen its blended average revenue per user (ARPU) rise for 23 consecutive quarters on a year-over-year basis.

One other area of the business to watch is Telus Health. The division is already Canada's leading provider of digital healthcare solutions to doctors, hospitals, and insurance companies and could become a significant driver of revenue growth in the coming years.

Telus is generous when it comes to sharing profits with shareholders. The company has an aggressive share-buyback program and increases the dividend every year.

Management expects to raise the payout by 7-10% annually through 2019. The current distribution yields 4.4%.

### **Which is a better RRSP bet?**

Both stocks are attractive long-term holdings and offer strong dividend-growth prospects over the medium term.

Earlier in the year I would have picked TransCanada, but the stock has rallied so much that the advantage has been eliminated. As such, I would go with Telus today for the higher yield.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:TRP (Tc Energy)
2. NYSE:TU (TELUS)
3. TSX:T (TELUS)
4. TSX:TRP (TC Energy Corporation)

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