



RRSP Investors: 2 Dividend-Growth Stocks to Sock Away for Decades

Description

Canadians are searching for top dividend-growth stocks to own inside their RRSP accounts.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) to see why they might be interesting picks.

TransCanada

TransCanada had a tough run in 2015, but the stock has bounced back with a vengeance.

What happened?

The oil rout and President Obama's rejection of the Keystone XL pipeline sent the shares tumbling from a 2014 high of \$60 to \$40 late last year.

Savvy investors who'd scooped up the stock at that point are sitting on a 50% gain as a rebound in oil and a major acquisition have raised the company's prospects.

TransCanada recently closed its \$13 billion purchase of Columbia Pipelines in a deal that gives the company a strategic foothold in the Utica and Marcellus shale plays, as well as key natural gas infrastructure running to the Gulf Coast.

With the energy industry under pressure, demand for new infrastructure might be weak in the short run, but the Columbia deal has also increased TransCanada's commercially secured near-term project portfolio to \$25 billion, so it has enough work on the go to keep it busy while the industry works through the rough patch.

As a result, investors should see cash flow increase enough in the next few years to support annual dividend hikes of at least 8%. The current quarterly payout offers a yield of 3.7%.

The company's mega-deals remain stuck in the mud, and investors should treat them as a bonus when evaluating the stock. However, if Keystone or Energy East gets the green light, TransCanada's share

price could move significantly higher.

Royal Bank

Royal Bank generated nearly \$10 billion in profits last year and is on track to blow through the milestone in 2016.

The company's success can be attributed to its balanced revenue stream.

Royal Bank gets a significant portion of its revenue from its Canadian personal and commercial banking operations, but it also has strong wealth management, insurance, and capital markets divisions that contribute to the mix.

With the Canadian economy facing some headwinds, Royal Bank is now focusing new investments on the United States.

The company acquired California-based City National last year for US\$5 billion in a deal that gives Royal Bank the strong platform it needs to expand its reach into the U.S. commercial and private banking sector. The group is already contributing to wealth management earnings, and investors could see more deals in the coming years.

Royal Bank has a strong track record of dividend growth. The current payout offers a yield of 4%.

Is one a better bet?

Both stocks are solid long-term holdings for any RRSP account.

Earlier in the year I would have picked TransCanada ahead of Royal Bank, but the pipeline operator has rallied significantly since January, so it's probably a coin toss between the two names today.

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1. Bank Stocks
2. Dividend Stocks
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1. Editor's Choice

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1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TRP (Tc Energy)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TRP (TC Energy Corporation)

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