



## RRSP Investors: 2 Dividend-Growth Stocks for Your Retirement Portfolio

### Description

Canadians are buying dividend-growth stocks inside their RRSPs in an effort to build savings to supplement their pension payments.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) to see why they look like solid long-term picks.

#### TransCanada

TransCanada has had a busy 2016.

The company purchased Columbia Pipeline Group for US\$13 billion earlier this year and recently announced the sale of some of its power assets to help pay for the acquisition.

Investors shouldn't be surprised by the moves, as a drawn-out downturn in the oil sector is expected to reduce near-term demand for new infrastructure assets.

TransCanada grows its revenue by putting new pipelines into service or acquiring existing ones, so the Columbia acquisition makes sense in the current environment.

The deal adds strategic assets in the hot Utica and Marcellus shale plays, as well as important pipeline infrastructure running from Appalachia to the Gulf Coast.

TransCanada now sports a development portfolio of \$25 billion in near-term projects. As the assets are completed and go into service, TransCanada should see cash flow increase enough to support annual dividend growth of at least 8% through 2020.

The proceeds from the sale of its Northeast Power division for a total of US\$3.7 billion will be used to pay down debt. TransCanada is also selling \$3.2 billion in new stock.

The company's stock price has dipped on the news of the equity issue, providing investors with an attractive entry point.

TransCanada's current dividend yields 3.9%.

### **Bank of Montreal**

Bank of Montreal should probably get more attention from bank investors, who tend to go to the larger peers when choosing a financial stock.

Why?

Bank of Montreal has an attractive U.S. division that provides an nice hedge against weakness in the Canadian economy.

The company still gets a large chunk of its earnings from the Canadian personal and commercial banking operations, but the bank also has roughly 500 branches located in the U.S. that are performing well.

The U.S. group delivered a 22% gain in fiscal Q3 adjusted net income compared with the same period last year. A strong U.S. dollar is partly responsible, but the company is also seeing solid numbers coming from its recent acquisition of GE Capital's transport finance business.

Bank of Montreal has paid a dividend every year since 1829, so investors should feel comfortable holding the stock for the long haul.

The current distribution provides a safe 4.1% yield.

### **Is one a better bet?**

Both stocks are attractive buy-and-hold RRSP picks. At the moment, I would probably call it a coin toss between the two names.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:TRP (Tc Energy)
3. TSX:BMO (Bank Of Montreal)
4. TSX:TRP (TC Energy Corporation)

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