

Canadian Procrastinators: Your Last-Minute RRSP Guide

Description

Even though we've had a year to make contributions to our RRSPs, some investors just can't help themselves. They've waited until the last possible moment.

If you're one of those people, don't beat yourself up over it. The fact is, the financial media ignores RRSPs until February, making it very easy for regular folks to forget about them. It's only the constant reminder that forces investors into action.

There's just one big problem with this strategy: it places too much emphasis on contributing to a RRSP. Not enough time or energy is focused on the subsequent investment, even though that's arguably the most important part.

Too many investors are just taking their RRSP cash and throwing it into the first investment vehicle that sounds reasonable. This leads to all sorts of problems, as you can imagine. Talk about a way to minimize your investment returns over time!

Don't have a plan? No problem. Here are three great options for your RRSP investment this year.

The value option

Stocks don't get much cheaper than **Empire Company Limited** ([TSX:EMP.A](#)).

Yes, I know the company's western Canadian division is suffering. I also know that Warren Buffett just exited a big retail position. And, believe me, I'm well aware that all of Canadian retail is a tough place to be right now.

All of these issues will eventually go away. And when they do, investors who aren't loading up on Empire shares will be kicking themselves.

Shares currently trade hands at \$17.63, which is down 31% in the last year and more than 40% from their peak in early 2015. The company earned \$1.51 per share as recently as 2015 as well as posted free cash flow that year of \$2.78 per share. In other words, shares should rocket much higher when earnings return to normal.

Empire shares also trade at a discount versus peers when looking at other relevant metrics, including price-to-book value and price-to-sales. Once its problems are fixed, investors will begin to realize this.

The yield option

There's just one problem with Empire. It only pays a 2.3% dividend, which isn't enough to get most income investors excited.

Artis Real Estate Investment Trust ([TSX:AX.UN](#)) is a much better choice. It yields an eye-popping

8.4%.

The payout is sustainable too. Artis's portfolio — consisting of 262 industrial, office, and retail properties spread out across Canada and the United States — is performing relatively well despite the high exposure to weaker markets. Full-year results aren't out quite yet, but the trust is on pace to generate \$1.51 per unit in funds from operations and \$1.26 per unit in adjusted funds from operations for 2016. It pays an annual dividend of \$1.08 per share.

The growth option

Your RRSP is the perfect place to hold stocks for decades. And what's easier than buying a great company and not touching it for 30 years?

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) might not seem like a great growth stock — after all, it's already a behemoth — but it really does offer great growth potential. It has \$26 billion in short-term growth projects planned as well as \$45 billion in medium- to long-term new expansions waiting to be green-lighted. Those don't even include the Keystone XL project, which President Trump approved after it was vetoed by President Obama.

The company is already sharing the fruits of this growth plan with shareholders. It recently announced an 11% increase in its quarterly dividend, which increased the yield to above 4%. It isn't very often investors can get a combination of growth and yield in today's world.

The bottom line

You've contributed to your RRSP. That's the easy part. The hard part is investing that capital over the long term. By making smart choices today, you'll ensure your RRSP grows as fast as possible. All that will be left is thanking yourself 30 years from now.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:AX.UN (Artis Real Estate Investment Trust)
3. TSX:EMP.A (Empire Company Limited)
4. TSX:TRP (TC Energy Corporation)

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