

2 Quality Dividend Stocks to Add to 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. High-quality dividend stocks are ideal investment options for RRSPs, so let's take a quick look at two that you could buy today.

Valener Inc.

Valener Inc. (TSX:VNR) is a publicly traded company whose main assets consist of a 29% direct interest in Gaz Métro, which is the largest natural gas distributor in Québec and the sole natural gas distributor and the largest electricity distributor in Vermont. It also has a 24.5% interest in the Seigneurie de Beaufré Wind Farms, which is one of Canada's largest producers of wind power.

Valener currently pays a quarterly dividend of \$0.28 per share, equal to \$1.12 per share on an annualized basis, which gives it a yield of approximately 5.1% today.

In addition to a yield over 5%, Valener offers dividend growth. It has raised its annual dividend payment for two consecutive years, and its 3.7% hike in November 2016 has it on pace for 2017 to mark the third consecutive year with an increase.

I think Valener is a great pick for dividend growth going forward. It has a program in place that calls for annual dividend growth of approximately 4% through 2018, and I think its strong financial performance, including its 18.5% year-over-year increase in normalized operating cash flow (NOCF) to \$0.32 per share in the first quarter of fiscal 2017, and its vastly improved dividend-payout ratio, including 87.5% of its NOCF in the first quarter compared with 100% in the year-ago period, will allow it to complete this program and announce a new one that will extend well into the 2020s.

Manulife Financial Corp.

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#)) is one of the world's largest financial services groups, providing financial advice, insurance, and wealth and asset management solutions to more than 22 million customers around the world.

Manulife currently pays a quarterly dividend of \$0.205 per share, equal to \$0.82 per share on an annualized basis, and this gives it a yield of about 3.5% today.

Like Valener, Manulife offers dividend growth in addition to a high yield. It has raised its annual dividend payment for three consecutive years, and its 10.8% hike in February has it positioned for 2017 to mark the fourth consecutive year with an increase.

I think Manulife is a top pick for dividend growth in 2018 and beyond as well. I think its very strong financial performance, including its 34.7% year-over-year increase in common shareholders' net income to \$2.8 billion in 2016, and its continued growth of assets under management and

administration that will help drive future earnings growth, including its 4.5% year-over-year increase to \$977.06 billion in 2016, will allow its streak of annual dividend increases to continue for the next decade.

Which of these top dividend stocks belongs in your RRSP?

I think Valener and Manulife would make great additions to any RRSP, so take a closer look at each and strongly consider adding one or both of them to yours today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/07/07

Date Created

2017/04/21

Author

jsolitro

default watermark

default watermark