

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

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1. Editor's Choice

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