



Young Investors: Should You Put Enbridge Inc. or BCE Inc. in Your RRSP?

Description

Canadians are (wisely) searching for top stocks to help them meet their retirement savings goals.

Let's take a look and **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see if one is more attractive right now.

Enbridge Inc.

Enbridge recently closed its \$37 billion acquisition of Spectra Energy in a deal that creates North America's largest energy infrastructure company.

Why did Enbridge splurge?

Large pipeline projects are running into public and government opposition, so buying existing assets while the sector is in a downturn is a reasonable way to drive growth.

Investors should benefit over the long-term, as Spectra's extensive natural gas assets complement Enbridge's heavy focus on liquids pipelines. The deal should also provide the company with new avenues for growth in the coming years.

How?

The takeover boosts the size of Enbridge's near-term development portfolio to \$26 billion, with an additional \$48 billion in the planning stages. As these assets are completed and go into service, Enbridge believes cash flow will grow enough to support annual dividend growth of at least 10% through 2024.

The current distribution provides a yield of 4.1%.

BCE Inc.

BCE has also been on the acquisition trail and just closed its \$3.9 billion purchase of Manitoba Telecom Services. The move propels BCE to top spot in the Manitoba market, and provides the

Montreal-based company with a solid hub in central Canada to expand its presence in the western part of the country.

Critics of the stock say BCE's growth outlook isn't spectacular, but the company generates significant free cash flow and holds a dominant position in the market.

Due to a series of media acquisitions over the past decade, BCE has added a television network, specialty channels, radio stations, sports teams, and an advertising business to its holdings.

The extensive media assets combined with the world-class mobile and wireline networks make BCE a very powerful player in the country. In fact, any time a Canadian calls a friend, sends a text, checks e-mail, streams a movie, listens to the news, or catches up on the latest sports scores, the odds are pretty good that BCE is involved somewhere along the line in the interaction.

BCE's dividend provides a yield of 4.7%.

Is one a better bet?

Both stocks are proven buy-and-hold winners for an RRSP portfolio.

If you only buy one, Enbridge might be the more attractive pick today. The yield is slightly lower, but the pipeline giant's dividend-growth outlook over the medium term is probably stronger than that at BCE.

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