



## Should Suncor Energy Inc. or Toronto-Dominion Bank Be in Your RRSP Today?

### Description

Canadian savers are searching for ways to set aside some extra cash for retirement.

One popular strategy involves owning dividend stocks inside RRSP accounts and investing the distributions in new shares.

Why?

Investors get the immediate benefit of reducing their taxable income by the amount of their contributions, while harnessing the [power of compounding](#) to boost the size of their retirement funds.

### Which stocks should you buy?

The best companies to own tend to be industry leaders with strong track records of dividend growth.

Let's take a look at **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) to see if one is an attractive pick today.

### Suncor

Suncor is primarily known as an oil sands producer, but the company also owns refineries and more than 1,500 Petro-Canada retail stations.

The downstream operations provide a nice hedge against weak oil prices, and are a big reason for Suncor's resilience during the oil rout. In fact, Suncor's stock price is little changed from where it traded before crude prices began to tumble.

The company has taken advantage of the downturn to add strategic assets at attractive prices. As the oil market recovers, Suncor could see strong returns on the investments.

In addition, Suncor has a number of organic growth projects on the go, including Fort Hills and Hebron, which are scheduled to begin production by the end of 2017.

Suncor just announced strong Q3 2017 results, supported by record quarterly production and the lowest cash operating costs in the past 10 years.

Oil prices are moving higher, so Q4 numbers should be solid.

Suncor's dividend has increased by more than 50% in the past four years from \$0.20 to the current payout of \$0.32 per share. At the time of writing, that's good for a yield of 2.9%.

## TD

TD earned close to \$2.8 billion in Q3 2017. That's a nice chunk of profits for three months of work.

The bank is widely viewed as the safest investment among its peers due to the heavy focus on retail banking activities, which tend to be less volatile than other segments, including capital markets.

TD is best known for its Canadian operations, but the company actually has more branches south of the border than it does in the home country, and the U.S. division generates more than 30% of the company's profits.

This provides a nice hedge against any potential weakness in the Canadian economy.

TD's compound annual dividend-growth rate is about 10% over the past two decades. The current distribution provides a yield of 3.3%.

## Is one more attractive?

Both stocks should continue to be strong [buy-and-hold](#) picks for a dividend-focused RRSP portfolio. At this point, I would probably split a new investment between the two names.

## CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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