



## A Top Dividend Stock for Your RRSP in 2018

### Description

Canadian savers are searching for ways to set aside sufficient funds to finance a comfortable [retirement](#).

One option involves buying dividend-growth stocks inside your RRSP and investing the distributions in new shares. This sets off a powerful compounding process that can turn a modest initial investment into a nice nest egg over time.

The RRSP is a good choice for people who find themselves in a higher marginal tax bracket, as the contributions can be used to lower taxable income. Ideally, when you retire and start to pull the funds out of the RRSP, the money will be taxed at a lower rate.

The RRSP is also a good option for Canadians who have a tendency to dip into their savings. The withdrawal holdbacks that are part of the RRSP rules tend to make people think twice about tapping the funds. However, this isn't the case with cash or TFSA investments.

Which stocks should you own?

The best stocks to buy tend to be industry leaders with strong track records of dividend growth.

Let's take a look at **BCE Inc.** ([TSX:BCE](#)) ([NYSE:BCE](#)) to see why it might be an interesting pick.

### Growth

BCE completed its purchase of Manitoba Telecom Services (now known as Bell MTS) earlier this year in a move that launched the giant into the top spot in the Manitoba market and set BCE up for an expansion of its presence in the Western provinces.

The company is primarily known for its phone, Internet, and TV services, but BCE also owns a large media group that includes sports teams, a television network, specialty channels, and radio stations.

In addition, BCE has retail outlets located across the country.

When the retail and media assets are combined with the wireless and wireline network infrastructure, you get a powerful company that's capable of interacting with most Canadians on a daily basis.

BCE recently announced plans to acquire AlarmForce, which currently has more than 100,000 customers. BCE's existing relationship with millions of Canadian homeowners and businesses positions it well to boost sales of the security service.

BCE also just launched Lucky Mobile, a low-cost prepaid wireless service that doesn't require customers to have a contract. The move is designed to position BCE in a segment it hasn't targeted for some time.

### **Dividends**

BCE has a strong track record of dividend growth, and that should continue in step with rising free cash flow.

At the time of writing, the distribution provides a yield of 4.6%.

### **Should you buy?**

BCE is a solid RRSP pick for investors who want to buy a [reliable](#) high-yield dividend stock and sit on it for decades.

Growth won't shoot the lights out, but BCE still has opportunities, as we have seen with the recent acquisitions and new prepaid service launch. In addition, the company has the power to raise prices when it needs some extra cash.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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**Date**

2025/08/18

**Date Created**

2017/12/15

**Author**

aswalker

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