RRSP Investors: Earn up to 10% Dividend Growth From These 2 Stocks

Description

Investing in dividend stocks is a trusted way to building your nest egg. If you manage your own Registered Retirement Savings Plan (RRSP), then this strategy will suit you more as you aim to invest with a long-term investment horizon in stable stocks.

Among the dividend-paying stocks, the best are those that regularly increase their payouts. This is a great incentive for RRSP investors to have their portfolios producing returns that beat inflation. Dividend growth will also leave more money for you to re-invest into the portfolio and enjoy the benefits of compounding.

For the 2018 investment season, I see some lucrative opportunities emerging, especially in Canada's utility and energy infrastructure space. Here are two quality dividend-paying companies you can consider to adding to your RRSP portfolio in 2018.

TransCanada Corporation (TSX:TRP)(NYSE:TRP)

TransCanada manages natural gas and liquids pipelines, power generation, and gas-storage facilities in North America.

These businesses produce hefty cash flows, which TransCanada distributes among its shareholders. It has increased its dividend payout for 17 consecutive years, and I don't see that tradition changing anytime soon.

The company plans to hike its annual dividend 8-10% through 2021, as it undertakes $24 billion of growth projects. Trading at $47.66 at the time of writing, TransCanada shares are close to the 52-week low, offering a good entry point for long-term investors. Analysts are also bullish on the shares, with 13 buys, three holds, and no sells, according to **Thomson Reuters**.

With an annual dividend yield of 4.22%, TransCanada pays a $0.48 quarterly dividend. The company's financial strength and its diversified high-quality assets, which provide good potential for future dividend growth, make TransCanada a solid candidate for your RRSP.

Emera Inc. (TSX:EMA)

Emera , a Nova Scotia-based utility, is another dividend-growth stock trading at an attractive level these days.

With an annual dividend yield of 4.6% on a stock price of $46.16, Emera stock nicely fits in a dividend-investing strategy, where the objective is to earn secure and growing income.

Emera has provided 8.8% annual growth in dividend during the past seven years, and it plans to continue with this practice by delivering a similar payout growth until 2020. Emera's payout ratio is also very manageable, ranging between 65% and 75% in the past five years.

The company is growing its operations in North America and Caribbean countries. This diversified revenue base helps Emera to generate about 75-85% of its earnings from the regulated businesses with two-thirds denominated in the U.S. dollar.

The company plans to raise its dividend by 8% annually through 2020, boosted by the utility's $7.7 billion growth program that includes investments in solar and other renewable projects.

The bottom line

Dividend stocks provide income stability to your RRSP portfolio. These two companies with their growing dividends and high yields are good candidates for your 2018 additions.

If you want to invest in high-growth opportunities, there are other options worth your consideration.

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Date
2025/07/05
Date Created
2018/01/28
Author
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