



It's RRSP Season: Do You Have a Plan?

Description

RRSP season is upon us again.

If you've been diligent about ensuring you will have a nest egg in your retirement years that will keep you living comfortably, and you are stashing away a percentage of your income every month, or biweekly, then congratulations, you have won half the battle.

The general rule of thumb is to invest at least 12% of your income into your RRSP. The benefits of a tax refund when you make the contribution and the tax-deferred growth will be yours, setting you up for a good financial future.

But given the articles I've read that have commented on the fact that investors are withdrawing from their RRSPs to pay off credit card debt, buy houses, and a variety of other reasons, it seems that we have a lot of catching up to do and making up for lost time.

So, what are the best stocks to add to your RRSP portfolio?

Well, that depends on if you're just starting out or if you're approaching retirement.

For those that are just starting out, companies that are [higher growth](#) should make up a large weighting of your fund — companies like **CGI Group Inc.** ([TSX:GIB.A](#))([NYSE:GIB](#)).

With \$10.8 billion in revenue, CGI is Canada's largest Information Technology (IT) services firm. The company has continued to grow by consolidating the industry and by growing organically, as the IT services industry is a growth industry.

CGI is a cash machine. Cash from operations increased 17% to \$410.1 million, or 14.6%, of revenue, and it had free cash flow of \$181 million, after capex and acquisitions, for a free cash flow yield of 6.4%.

At this point in time, CGI still has a big opportunity to continue along its growth trajectory, with a focus on higher-margin business further increasing the company's margins over time.

As you get closer to retirement, the less risky your investments should be, as your primary goals become [capital preservation and income](#).

Brookfield Infrastructure Partners L.P. ([TSX:BIP.UN](#))([NYSE:BIP](#)) would fit the bill.

Brookfield has stability, consistency, a strong and increasing dividend, as well as steady growth ahead of it.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) also recently increased its dividend, and stands to benefit from the continuing investment in fibre-optic networks in the telecom industry.

With free cash flow of almost \$3 billion in 2016 and a free cash flow yield of 7%, BCE is a pillar of strength.

In summary, invest early, invest wisely, and if you haven't done either of these things yet, it's not too late to start.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. NYSE:GIB (CGI Group Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
6. TSX:GIB.A (CGI)

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