RRSP Investors: 3 Dividend Stocks to Buy Right Now

Description

The deadline for RRSP contributions is coming up, and if you need to bring down your tax bill, it may be a good time to consider adding some investments to your portfolio. Below, I have four great dividend stocks that can help build your nest egg for retirement through both capital appreciation and dividend income.

Domtar Corp. (TSX:UFS)(NYSE:UFS) is a stable, mature company that can provide investors with a lot of income over the long term. The stock distributes a 4% dividend that is paid in U.S. dollars and that has grown over the years. This will allow you to earn a rising level of dividend income while potentially benefiting from an improving U.S. currency.

In the past five years, Domtar's stock has risen 44%. Although it is coming off a bad quarter that spoiled an otherwise good year for 2017, the company has normally been able to stay profitable and has averaged a profit margin of 4% in the prior three years. Sales have also been able to stay above $5 billion in each of the past four years and were up a modest 1% from a year ago.

Hydro One Ltd. (TSX:H) is a solid utility stock that has a strong investor in the provincial government of Ontario. The company is as stable as you can find on the TSX, and although it hasn't been able to generate much progress since its IPO in 2015, that could change when it starts developing its operations south of the border after it made a big acquisition last year.

The growth potential is big, and the company also pays a high dividend of over 4%. The company already hiked its payout in 2017, and it'll be interesting to see how well it will be able to continue that trend. However, with the company's strong financial position and prospects for the future, I would be surprised if it didn't, as that has been the norm for utility stocks on the TSX.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is another safe stock on the list, and like Hydro One, it has also recently extended its reach into the U.S. markets through a big acquisition last year. The share price has typically traded at lower earnings multiples than its peers because CIBC has been more exposed to the Canadian market, but this will help change that.

The stock price has dropped 6% in the past month, and that has pushed its yield up to over 4.5%.

CIBC also has a solid reputation of raising its payouts, and in five years, quarterly dividend payments have risen from $0.94 to $1.30 — an increase of more than 38% for a compounded annual growth rate of 6.7%.

Over 10 years, CIBC's stock has grown more than 73%, and there could be a lot more to come in the years ahead. It's hard to go wrong with any big bank stock, but CIBC gives investors more value for their dollar.

Some of the reasons I prefer CIBC over the other big bank stocks include that it pays a higher dividend than its peers, it has some unique growth opportunities south of the border, and it trades at more modest multiples.

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1. Dividend Stocks
2. Investing

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2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:H (Hydro One Limited)
4. TSX:UFS (Domtar Corporation)

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