

Finding the Best Value for Your RRSP

Description

With the month of February well underway, investors only have a few more weeks to make their RRSP contributions to count the contributions for the 2017 tax year. Although most Canadians are already aware of the structure of the tax system and role that RRSP contributions play in the matter, here is a slight refresher.

Although each taxpayer is required to pay taxes on their income for the full calendar year, the government allows a window of time into the new year (usually 60 days, but it can sometimes be extended if the 60th day falls on a weekend). This grace time allows Canadians a proper amount of time to tally up their income and make a decision as to how they want to proceed before filing their taxes. In Canada, that deadline is April 30.

As a result of these deadlines, responsible taxpayers and investors need to figure out what the best options are to hold (invest) inside an RRSP account. With so many high-quality names, the search does not have to be extensive. The first name to begin with is none other than **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)). After interest rates rose, Enbridge declined to a price of \$42.95. The lower price has increased the dividend yield, which remains a very [lucrative](#) 6.25%.

The beauty of this name is that investors don't need to worry about long-term solvency. Consumers need power. Instead, investors can spend their time worrying about how much of an increase they are going to receive in the dividend payment every year.

The second name on the list is no big surprise. With a 4.5% dividend yield, shares of **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is fairly valued after pulling back from almost \$125 per share. Although shares may seem pricey at \$115, investors are obtaining incredible value, as the company trades at close to 10 times trailing earnings and has the potential to see the bottom line increase as the integration of the latest U.S.-based wealth management acquisition is eventually realized.

The last name on the list is **Cineplex Inc.** ([TSX:CGX](#)), which has started to find a [bottom](#) amid a terrible box office lineup for 2017. With the expectation that business fundamentals will improve substantially in the coming year, investors can add this name to their portfolios and feel good about collecting a generous 5.25% dividend yield until things return to normal. In time, capital appreciation should follow.

With so many excellent names to choose from, investors must always remain aware that adding high-quality names to their portfolios is not always enough. In addition to finding great companies, the types of industry that each investment is involved in should be diversified.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CGX (Cineplex Inc.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:ENB (Enbridge Inc.)

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Author

ryangoldsman

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