



RRSP Investors: 5 Dividend Stocks to Earn Stable Retirement Income

Description

For RRSP investors who are seeking to build their [retirement income fund](#), investing in quality dividend stocks is highly recommended.

If you compare returns generated by dividend stocks with fixed-income assets, such as GICs and bonds, you'll realize that a retirement portfolio containing only risk-free assets may not generate sufficient cash flows for you during your golden years.

The biggest problem with fixed-income assets is that their returns don't keep up with inflation. As a result, your take-home returns are much smaller in real terms.

That's why adding a few dividend stocks to a retirement portfolio makes a good case. Dividend stocks not only provide income, but they also allow you to take the full advantage of compounding by re-investing the payouts back into the portfolio.

With so many dividend stocks out there, it's also tough for RRSP investors to decide which one to pick. If you're just starting with your RRSP, then my advice is to stick with the quality names that have solid pasts when it comes to rewarding investors. In Canada, banks, power and gas companies, pipeline operators, and telecom companies are the best dividend payers.

Here are five top dividend picks to get you started.

Stock	Dividend Yield	Market Cap
Toronto-Dominion Bank (TSX:TD)(NYSE:TD)	3.31%	\$133.8 bln
Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)	3.92%	\$92.5 bln
Enbridge Inc. (TSX:ENB)(NYSE:ENB)	5.44%	\$71.63 bln
Fortis Inc. (TSX:FTS) (NYSE:FTS)	3.76%	\$17.5 bln
BCE Inc. (TSX:BCE)(NYSE:BCE)	4.95%	\$50.34 bln

Source: Yahoo! Finance

Let's discuss how these stocks can help you to boost your retirement income.

Canadian banks are on top of the list of companies that pay regular and growing dividends. The reason why these lenders dish out hefty cash each quarter in dividends is that they operate in a stable and growing banking market.

Among the top five Canadian banks, I particularly like TD and Bank of Nova Scotia. Both lenders have a strong presence locally with growing footprints globally. Bank of Nova Scotia, for example, has been reaping the benefits of its aggressive growth in the Pacific Alliance, a Latin American trade bloc comprising Mexico, Peru, Chile, and Colombia. TD is now among the top 10 banks in the U.S.

Canadian power and gas utilities provide other safe avenue for long-term investors to earn stable and growing returns on their investments. Just like banks, [Enbridge](#) and Fortis have strong presences in North America and a lot of growth potential. This combination helps them to regularly grow their payouts. Enbridge, for example, has paid dividends for the past 64 years. During the past 20 years, its dividend has grown with annual growth rate of about 12%.

Finally, Canada's largest telecom operator BCE is an ideal candidate for your RRSP portfolio due to its dominant position in the market, which allows the company to generate a lot of cash. The company's quarterly dividend has more than doubled during the past 10 years.

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:FTS (Fortis Inc.)
5. NYSE:TD (The Toronto-Dominion Bank)
6. TSX:BCE (BCE Inc.)
7. TSX:BNS (Bank Of Nova Scotia)
8. TSX:ENB (Enbridge Inc.)
9. TSX:FTS (Fortis Inc.)
10. TSX:TD (The Toronto-Dominion Bank)

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