2 Safe and Reliable Dividend Stocks for Your RRSP

Description

Preservation of capital and dividend income are of utmost importance to those of us who want to look forward to a rich retirement without the financial stress.

Thankfully, we have utility stocks, which are well-suited to fulfill this purpose, as they are typically a ray of light in both bull and bear markets.

These companies, which bring to their consumers the everyday necessities of electric power, gas-fired power, and more, have reliable and predictable income streams that are pretty much immune to economic cycle highs and lows.

With this in mind, let's take a look at two dividend stocks that investors should consider owning.

Fortis Inc. (TSX:FTS)(NYSE:FTS)

As a North American leader in the regulated gas and electric utility industry, Fortis boasts a history of long-term profitable growth and stability.

And its asset base of regulated, low risk and diversified projects makes it clear why.

With 92% of its earnings coming from regulated utilities, investors can count on predictability from this dividend stock.

Shareholders have enjoyed 44 years of consecutive dividend increases and, according to the company's plan, investors can expect a 6% annual average growth rate in dividends through to 2021.

The dividend yield is currently just over 4%, and the stock is trading at $42.29 at the time of writing. Recent weakness has provided investors with a good entry point.

Enbridge Inc. (TSX:ENB)(NYSE:ENB)

With a dividend yield of 5.72%, and a stable and reliable history, Enbridge is another dividend stock for investors who are looking for stability, reliability, capital preservation, and income.

Since 1996, investors have enjoyed 22 years of dividend increases, with a 33% dividend increase in 2015, a 14% increase in 2016, and a 15% increase in 2017.

And management expects the dividend to increase at a 10% compound average growth rate from 2017 to 2024.

This will be supported by organic growth opportunities, such as the Spruce Ridge gas pipe expansionin B.C., and continued streamlining of the business to achieve $540 million in cost synergies and $240 million in tax synergies related to the Spectra Energy merger that was completed in February 2017.

The key is that this growth will be achieved through the company's low-risk business model.

And longer term, the Spectra Energy acquisition affords Enbridge greater scale and diversity, strengthens the company's balance sheet and funding flexibility and provides attractive synergies.

In summary, these two dividend stocks are the right fit for investors looking for a safe, predictable, profitable investment for their RRSP.

And recent stock price weakness means that now is a good time to add these stocks.

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1. Dividend Stocks
2. Energy Stocks
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2. NYSE:FTS (Fortis Inc.)
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