Retirement Investing? These 4 Dividend Rock Stars Will Make Your RRSP Sing!

Description

Every now and then, it pays to do a quick sweep of the TSX and see not only which stocks are offering the best dividend yields, but also which dividends are most sustainable. Besides dividend yield, a quick three-point scan for value, quality, and momentum should be performed.

You'll find below some of the best Canadian dividend stocks on the market, with figures indicating which ones are the healthiest payers. As you would expect, these stocks are from the usual sectors: banking, investment management, utilities, and communications.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

With a P/E of 13.7 times earnings TD Bank is a bit overvalued for a bank stock, but not bad for the TSX in general. A 7.4% expected annual growth in earnings is pretty low, and not exactly what you want in a stock that you'll be wanting to forget about. Last year's ROE of 14% is likewise pretty middling, and even TD Bank's dividend yield of 3.45% could be higher, quite frankly.

TD Bank is often touted as one of the best defensive stocks on the TSX, and it certainly deserves a look as one of those stocks that are "too big to fail." Valued just right compared to its future cash flow value, TD Bank is one of those stocks you might expect to still see in portfolios a hundred years from now.

Rogers Communications (TSX:RCI.B)(NYSE:RCI)

People hem and haw about telecoms stocks, but Rogers is the one to go for if you like brand familiarity and regular dividends. A P/E of 19 times earnings is a little steep for the industry and for the TSX as well, while a 9.7% expected annual growth in earnings is so-so. Last year's ROE was good though: a significant 25%. While Rogers pays a low-ish dividend yield of 2.84%, it's got a good track record and is reliable if nothing else. Discounted at the time of writing by 23% compared to its future cash flow value, Rogers is a great deal if you like value stocks.

Fortis (TSX:FTS)(NYSE:FTS)

Your go-to Canadian defensive stock, Fortis is looking at surprisingly similar multiples to its competitors here today. A fairly standard P/E of 18.5 times earnings pairs with a 5.8% expected annual growth in earnings to give a pretty stolid and uninteresting stock.

Last year's ROE of just 6% suggests that a bit more could be done with shareholders' funds, though a dividend yield of 3.97% isn't bad at all for a non-cyclical stock like this one. Discounted today by 21% compared to its future cash flow value, Fortis is another bargain just right for your RRSP or RRIF.

IGM Financial (TSX:IGM)

A decent financial stock that would go just right in a diversified retirement portfolio, IGM Financial has a decent P/E of 14.9 times earnings which, while higher than the Canadian capital markets industry average, is below the general TSX P/E ratio. A 14.7% expected annual growth in earnings beats the low-risk savings rate of 2.3%.

Wile last year's ROE of 14% is pretty low for a Canadian financials stock that pays a dividend, that yield is a rather appetizing 5.94%. Discounted by 6% compared to its future cash flow value, IGM Financial is great value for sizable dividends.

The bottom line

There's a reason why all four of these stocks regularly top the favourites lists for retirement investors: they're often found to be good value and pay decent dividends. What's more, they all have good track records, meaning that you will have peace of mind of you buy any or all of the above and leave them in your RRSP, RRIF, or TFSA for long-term gains.

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2. NYSE:RCI (Rogers Communications Inc.)
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4. TSX:FTS (Fortis Inc.)
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