



A Top Canadian Dividend Stocks to Help Grow Your Retirement Fund Over The Next 30 Years

Description

Planning for retirement is not something most young people think about, especially when they in the early part of their careers.

However, statistics show that starting to set a bit of cash aside on a regular basis from the moment you begin working can have a significant impact on the amount of funds available when the time comes to retire.

The main reason is the ability to harness the [power of compounding](#), especially when the money is invested in dividend-paying stocks. Over time, the reinvestment of the distributions in new shares can turn relatively small contributions into significant sums of money, but you have to start early.

Let's take a look at **Suncor Energy** ([TSX:SU](#)) ([NYSE:SU](#)) to see why it might be an interesting pick.

Overview

Most investors view Suncor as an oil sands company. That's certainly the largest part of its business, but Suncor also has positions in offshore oil production and growth opportunities worldwide. In Eastern Canada, the recently completed Hebron facility is ramping up production ahead of schedule. Suncor also has positions in other major Atlantic plays, including Hibernia, White Rose, and Terra Nova. In Europe, Suncor is a partner in key exploration and production opportunities in the U.K. and Norway.

Aside from the upstream assets, Suncor has refining and marketing operations. The four large refineries produce end products including gasoline, diesel fuel, asphalt and jet fuel. The company's 1,500 Petro-Canada retail locations sell fuel.

In addition, Suncor has four wind power projects with capacity of more than 100 MW. The company also operates Canada's largest biofuels plant.

Dividends

A recovery in the energy sector is providing a nice boost to margins, and Suncor continues to share the profits with investors. The company raised the dividend by 12.5% for 2018, and the steady gains should continue in the coming years. At the time of writing, the stock provides a yield of 2.7%.

Returns

Long-term investors have done well with Suncor. A \$10,000 investment in the company 20 years ago would be worth more than \$120,000 today with the dividends reinvested.

Risks

Renewable power and electric cars certainly pose a threat to the oil industry, and while the combustion engine should eventually be phased out, predictions about the impending death of the oil sector are likely overblown.

Should you buy Suncor stock?

The company has a strong balance sheet and a resource base that should drive production growth for decades. Suncor's diversified business lines provide a nice hedge against downturns in the oil market and the company manages to capture global pricing on a significant part of its production, despite pipeline bottlenecks in western Canada.

At some point, the pipeline issue should get resolved, and that would enable Suncor to boost output and sell to additional overseas markets.

If you are a long-term oil bull, Suncor is an attractive buy-and-hold pick for a dividend-focused retirement portfolio.

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2. Investing
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