RRSP Investors: Buy These Top 3 Dividend Stocks to Build Wealth

Description

Having the right stocks in your RRSP is of utmost importance for ensuring a healthy and reliable income flow to sustain you in retirement. That's why the following group of dividend stocks should be key holdings in an RRSP. These are dividend stocks that are not dependent on the economy, the latest new fad, or consumer preferences.

I am talking about utility stocks, which bring the everyday necessities of electric power, gas-fired power, and more to consumers whose needs for these basic necessities are pretty reliable and predictable.

These companies therefore have reliable and predictable income streams that are pretty much immune to economic cycle highs and lows.

TransCanada (TSX:TRP)(NYSE:TRP)

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For more than 65 years, TransCanada has been developing and maintaining energy infrastructure while handsomely rewarding shareholders.

Since 2000, TransCanada stock has provided shareholders with a 13% average annual return, while delivering yearly dividend increases, which brought the dividend per share from $0.80 to $2.76 — strong growth for TRP stock, indeed.

TransCanada currently has an attractive dividend yield of 5%, above-average visible growth, and an infrastructure presence that should ensure strong growth well into the future.

Investors can expect continued dividend growth of 8-10% through to 2021.

Enbridge (TSX:ENB)(NYSE:ENB)

With a dividend yield of 6.05% and a stable, reliable history, Enbridge stock is also a utility stock for RRSP investors who are looking for stability, reliability, capital preservation, and income.

Since 1996, Enbridge stock has given investors 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 annual growth rate from 2017 to 2024.

This will be supported by organic growth opportunities, such as the Spruce Ridge gas pipe expansion in 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 with greater scale and diversity, strengthens the company's balance sheet and funding flexibility, and provides attractive synergies.

Pembina Pipeline (TSX:PPL)(NYSE:PBA)

Pembina is a pipeline and midstream company whose stock is currently yielding an attractive 5.27%.

While the payout ratio was elevated a couple of years ago, the company will continue to get it down to more comfortable levels in the next few years due to strong performance by the company's premium assets as well as attractive investment opportunities.

Pembina's dividend coverage is strong, debt leverage is low, and need for capital from the equity markets is low, thereby making it a top pick for RRSP investors.

So, there you have it: three safe and reliable dividend stocks to ensure continued wealth building well into the future.

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Date
2025/07/04
Date Created
2018/09/11
Author
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