



## 2 Top Financial Stocks for Your RRSP

### Description

In previous articles, I have [discussed the crisis](#) facing some Canadians when it comes to saving for retirement. This is an issue that impacts those on the cusp of retirement and those who are just [starting to enter the workforce](#). Really though, why is having an RRSP and/or a retirement plan so important?

The maximum annual combined Canadian Pension Plan (CPP)/Old Age Security (OAS) pensions for a 65-year-old is \$20,770. However, the average is just over \$15,000 annually. There are many factors that can reduce your maximum CPP at retirement, including retiring early and failing to meet the 39 years of maximum contributions. OAS is easier to qualify for, but those with an income over \$76,000 with over 40 years of residency will be subject to clawbacks.

In 2016, a Statistics Canada report revealed that the average household spending for those aged 65 and older was \$58,121. This is the most crucial point. When we compare this number to the maximum pension we see that many retirees will fall significantly short of what will be required to sustain a comfortable lifestyle.

It is crucial that Canadians, young and old, prepare actively for retirement. Today, we are going to look at two stocks that provide good opportunity for growth and a little income for a long-term portfolio.

### Canadian Western Bank ([TSX:CWB](#))

Canadian Western is an Edmonton-based regional bank. Shares have dropped 11.8% in 2018 as of close on September 25. The stock is up 7.9% year over year. Canadian Western released its third-quarter results on August 30.

Results were strong overall for Canadian Western in the quarter. The bank reported net income of \$62 million, which was up 11% from the prior year. Revenue hit a record \$205 million — up 12% from Q3 2017. Its balanced growth strategy has continued to meet with solid success, as it reported loan growth of 12%. Canadian Western saw its strategically targeted general commercial and equipment financing leasing categories account for 74% of the increase.

For the year to date, Canadian Western has achieved diluted and adjusted cash earnings per share of \$2.07 and \$2.23, which are up 19% and 18%, respectively, from the prior year. The bank also boosted its dividend by 8% to \$0.26 per share. This represents a solid 2.8% dividend yield.

### **Goeasy** ([TSX:GSY](#))

Goeasy is a financial services company that offers alternative loan products to its customers. Shares have climbed 45.4% in 2018 so far. The stock is up 83% year over year. In the second quarter, Goeasy achieved 121% growth in its loan book and revenue rose 26.4% to \$123.3 million.

Goeasy has reported 68 consecutive quarters of positive net income and is well positioned to continue its success in a rate-tightening environment. Many consumers are on the hunt for alternatives with mainline lenders starting to tighten their own credit requirements. This has opened the door for financial services companies like Goeasy. The stock also offers a quarterly dividend of \$0.225 per share, representing a 1.5% dividend yield.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:CWB (Canadian Western Bank)
2. TSX:GSY (goeasy Ltd.)

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