RRSP Investors: 3 of the Best Canadian Stocks to Buy Now for Retirement

Description

A common misperception when new investors come to the market is that if you're relatively far from retirement age, there's no reason to start padding out an RRSP or RRIF with retirement stocks. The fact is, though, that the sooner you start, the bigger that retirement fund will be.

No matter how close you are to retiring, the following three tickers are excellent examples of stocks to buy and hold for their long-term dividends. Along with sizeable and regular passive income, the following stocks are also attractively valued and have some growth ahead of them, while also boasting healthy balance sheets. Let's see which of them might suit your retirement fund.

Laurentian Bank of Canada (TSX:LB)

It's pretty remarkable that this sturdy financial with a $2 billion market cap is still selling with a P/E of just 7.8 times earnings. A dividend yield of 6.1% is what makes this such an attractive buy, and with a good track record, some growth ahead, and an acceptable proportion of non-loan assets, it's one you can buy and hold with minimal fuss.

A one-year past earnings growth of 45.8% puts a figure on that track record, beating the industry average of 10% for the same period as well as its own five-year average past earnings growth of 12.6%. A 3.6% expected annual growth in earnings isn't much, but at least it's positive.

Norbord (TSX:OSB)(NYSE:OSB)

This forest product staple with a market cap of $3 billion is one of the healthiest dividend options on the TSX index. With a P/E of four times earnings and a one-year past earnings growth of 113.8% that beats even its runaway industry average of 90.7% for the same 12 months and its five-year average of 44%, this is a strong contender for your RRSP.

An expected drop in annual growth in earnings by 31.5% is possible, but not necessarily likely: should a regime change occur south of the border, expect to see that pesky softwood tariff get the axe. If this happens, that drop in earnings may well get pulped.

You'll lock in a dividend yield of 6.89% if you buy this stock now, and with a reasonable debt level of 45.5% of net worth, you shouldn't have too much to keep you up at night. An honourable mention should go to an outstanding past-year ROE of 46%, which is pretty rare on the TSX index.

Suncor Energy (TSX:SU)(NYSE:SU)

If you buy stocks on the **Toronto Stock Exchange** and haven't heard of Suncor Energy, then you're doing something wrong. It's a company you can't miss, so even if you haven't seen it on the markets, you'll have seen it in "real life." A market capitalization of $75 billion marks this out as a heavy-hitting defensive stock, while a P/E of 17.4 times earnings signifies decent valuation.

A one-year earnings growth of 63.5% is outstanding for an industry that made an average loss of 1.4%. While a dividend yield of 3.07% could be a small bit higher, an acceptable debt level 39.8% of net worth and 17.4% expected annual growth in earnings make this a solid dividend stock to buy and forget about.

The bottom line

While you may not go for all, or indeed any, of the stocks listed above, it's the qualities they possess that make them just right for holding long-term in a savings account: steady growth, generous dividends, and healthy balance sheets. Natural resources, energy production, and finance are three of the Canadian economies strongest suits, so as a domestic investor it makes sense to play to them, especially if you can earn some regular passive income along the way.

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3. TSX:SU (Suncor Energy Inc.)

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