



Will These 3 Dividend Stocks Grow or Destroy Your RRSP Wealth?

Description

Dividend income remains very much in demand for investors who are in retirement as well as for those who are planning for retirement.

Re-invested, this income sets the investor up to enjoy the benefits of compounding returns over time — a must if we are to get the most out of our investments.

In this article, I will touch upon three [RRSP](#) dividend stocks that have their own individual merits and risks in an effort to help with your decision on which one to own.

AltaGas Inc. ([TSX:ALA](#))

It's very unfortunate that AltaGas stock has been hit so hard, down 50% in the last year, and still going lower as of the time of writing on Friday.

Delays in getting its WGL acquisition approval, high debt levels, and delays in accomplishing its divestiture plans along with unimpressive pricing of said divestitures have all certainly meant a loss in value to AltaGas stock.

But if we can keep our eyes on the long-term, I think we might be able to agree that the outlook is good. We just have to shake off this huge loss.

AltaGas' dividend yield is at an unprecedented 15% at this time, and while it seems that the dividend will be adjusted lower to account for these setbacks, there is long-term value in the stock.

With its diversified infrastructure platform of high-quality assets, and 80% of its EBITDA coming from contracted medium and long-term agreements, AltaGas has stability on its side.

In the last five years, AltaGas has grown its asset base to over \$10 billion from \$3 billion, through acquisitions as well as construction projects, and it has delivered a compound annual growth rate in its dividend of 9%.

WGL's high-quality assets and market position will bring Altagas many growth opportunities as well as significant earnings and cash flow accretion.

TransCanada Corp. ([TSX:TRP](#))([NYSE:TRP](#))

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

And with a current dividend yield of 5.37%, it's hard to find a safer income stream at these levels than this. 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.

Inter Pipeline Ltd. (TSX:IPL)

Inter Pipeline is an energy infrastructure company that owns and operates oil pipelines and storage facilities, and natural gas liquid processing (NGL) facilities.

Currently yielding 7.3%, the company is benefitting from strong natural gas liquids processing, and as such, its dividend was increased again at its latest results announcement.

The company has a strong history of dividend growth and stability, with 14 years of dividend increases and a five-year CAGR of 9%.

All in all, these stocks should grow your RRSP wealth in the long-term, although the biggest concern for all these names is their heavily indebted capital structure, which is part of their business strategy, so its fine, until [interest rates](#) start rising as they are now, and it becomes a challenge.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:TRP (TC Energy Corporation)

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