RRSP Investors: 3 Stocks for Your Dividend Focused Retirement Fund

Description

Canadian savers are setting cash aside to help fund a comfortable retirement and one popular strategy involves owning top stocks inside self-directed RRSP accounts.

Let’s take a look at three Canadian stocks that might be interesting picks for the portfolio today.

Bank of Montreal (TSX:BMO)(NYSE:BMO)

Bank of Montreal just reported solid results for fiscal Q4 2018. Adjusted net income increased 17% to $1.5 billion, compared to the same period last year.

The Bank has a large U.S. presence that dates back to the early 1980s. The operations south of the border had a very strong quarter, generating adjusted net income of $383 million, representing a 36% gain over fiscal Q4 2017. Improved revenue growth and lower taxes helped drive profits higher.

Bank of Montreal just raised its quarterly dividend by $0.04 to $1.00 per share. That’s good for an annualized yield of 4.3%.

The stock is down to $93 from a high of $108 in September. This brings the price-to-earnings multiple back to a reasonable 11.5.

Bank of Montreal has paid a dividend every year since 1829.

Fortis (TSX:FTS) (NYSE:FTS)

Fortis is a good stock to own if you want a name you can buy and forget for decades. The share price tends to hold up well when the broader market hits a rough patch, as we’ve seen in recent weeks, and the steady revenue stream coming from regulated assets is reliable and predictable.

Fortis currently has a $17.3 billion capital program in place that should boost the rate base enough over the next five years to easily support the company’s targeted 6% per year dividend increases.

Fortis has raised the payout every year for more than four decades. The existing distribution provides a yield of 3.9%.

Telus (TSX:T)(NYSE:TU)

Telus is another stock that normally remains steady during a market correction. The company currently trades close to its high for the year and investors should see gains continue.

Telus continues to invest billions in network upgrades, but is past the peak of its current major capital program. This means free cash flow should improve in the coming years to ensure ongoing dividend growth.

Telus has a strong track record of raising the payout. The current distribution offers a yield of 4.6%.

The company puts a heavy emphasis on customer satisfaction and the effort shows up in the results. Telus regularly reports the industry's lowest postpaid mobile churn rate and continues to add new mobile, TV, and internet customers at a steady rate.

The company's health division could be a significant driver of revenue growth in coming years. Telus Health is already a leader in providing Canadian doctors, hospitals, and insurance companies with digital solutions.

The bottom line

Bank of Montreal, Fortis, and Telus should all be solid buy-and-hold picks for a dividend-focused RRSP portfolio.

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