3 RRSP Picks to Grow Your Retirement Portfolio in 2019

Description

Canadian investors are searching for ways to ensure they will have enough money to live comfortably in retirement.

One strategy involves contributing funds to a self-directed RRSP and buying reliable dividend stocks. The contributions can be used to reduce taxable income, which is helpful for people who find themselves in a higher marginal tax bracket.

In addition, the full value of the distributions can be used to acquire new shares. This sets off a compounding process that can turn small initial investments into a nice nest egg over the course of a couple of decades. When the time comes to cash out and spend the money, careful planning should put you in a lower tax bracket than when you made the contributions.

Let's take a look at three stocks that might be interesting picks for your portfolio today.

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

Bank of Montreal offers investors a balanced pick in the Canadian bank sector. The company is less exposed to the housing market than some of its peers and has solid wealth management, commercial and personal banking, and capital markets groups. Bank of Montreal also has a strong U.S. retail and commercial presence through its BMO Harris Bank subsidiary.

The company has paid a dividend every year since 1829, and investors should see the positive trend continue. The stock has bounced off the 2018 low, but it still appears reasonably priced and offers a 4.1% yield.

Suncor (TSX:SU)(NYSE:SU)

Oil prices are on the rise again, and that bodes well for Canada's energy sector. Suncor is an attractive pick for investors who want exposure to strong oil prices, while minimizing risks when the market hits a rough patch.

Suncor’s refining and retail operations tend to perform well when low oil prices put a pinch on margins in the production business. The oils sands segment is best known, but Suncor also has large offshore operations with significant growth potential.

The company raised the dividend by 12.5% last year, and investors should see another generous increase in 2019. The current distribution provides a yield of 3.4%.

BCE (TSX:BCE)(NYSE:BCE)

BCE has long been a favourite among buy-and-hold dividend investors, and there is little reason for that to change. Some pundits say growth is too slow, but the company continues to deliver solid profits and generates good free cash flow to support the large dividend.

BCE continues to expand its fibre-to-the-premises rollout, and that should help protect the company’s business. If you own the pipe that connects to the customer, you have a strong competitive position.

The stock took a hit last year, as investors worried that rising interest rates could hammer dividend stocks. The mood has changed on the rate front, and the next move by the U.S. or Canada might actually be to the downside.

Investors who buy the stock today can pick up a yield of 5.4%.

The bottom line

Bank of Montreal, Suncor, and BCE are all top-quality companies and should be solid buy-and-hold picks for a dividend-focused RRSP portfolio.

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