



## 1 Wealth-Building Stock to Put in Your RRSP

### Description

The government's latest budget has first-time homebuyers licking their chops to pull cash out of their RRSP to help them buy their first home. But, believe it or not, one of the best ways to use your RRSP is not to use it to buy that cash-drain of a property. The most effective way to build wealth over the long term is to buy stocks, put them in your registered retirement account, and hold them for the long run.

Since you can use the RRSP to build wealth on a tax-deferred basis, every cent you keep in there will continue to generate more wealth over time. By the time you retire, if you keep yourself from touching your retirement savings, you will have a nice little nest egg to live off in your twilight years. The best stocks to own are companies that are steady, growing income stocks that possess the ability to build wealth over time.

### A renewable energy-focused utility company

To make sure companies will be long-term performers, it is a good idea to look at industries that will likely continue to be around for years. For instance, many people are calling for the imminent downfall of fossil fuels. If this were to occur, many companies that depend on coal- or oil-burning generators for the majority of their revenues could be negatively impacted.

It makes sense to own a utility that is primarily focused on renewable resources for the majority, if not all, of its energy source needs. Humans will most likely still need power in the future, and renewables seem to be the best long-term choice.

**Northland Power** ([TSX:NPI](#)) is a good selection for this category. This company has a geographically diversified portfolio of assets, which includes biomass, geothermal, wind, and solar projects in Taiwan, Germany, the Netherlands, as well as at home in Canada.

The company should continue to be able to support its dividend, with year-end free cash flow per share up 30% over 2017. Sales increased by a solid 13% as well and net income was up 47%. The company's track record of steady growth should continue well into the future.

Since it is a smaller company, it has a lot of potential growth ahead of it. It also pays a [dividend of 5%](#) as of this writing — a dividend that should be sustainable and growing, especially if free cash flow

continues to increase at a steady pace. The dividend was increased by a hefty 11% last year. As time goes by, that income will make a serious contribution to your retirement fund.

The stock has [pulled back](#) recently due to a share issuance and a block of shares being sold by the founder. While these two situations are not ideal from an investment point of view, the company's growth trajectory, income generation, and favourable long-term fundamentals should make this a decent buying opportunity for new investors. Investors should continue to keep an eye on further share dilution, as this can put pressure on the dividend and capital appreciation over time if it gets out of control.

## Buy this stock for long-term growth

Northland Power is one company that is worth socking away in your RRSP until you retire. The move toward renewables around the globe is accelerating, so a company as focused on producing sustainable energy should have staying power. Its dividend size, growth, and security also make this an income stock worth having. As long as you are not worried about some insider selling and share dilution, Northland will be a good holding to lock away for years.

Don't drain your retirement account to buy that fixer-upper of a home. Invest in solid companies for the long haul instead.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
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