RRSP Investors: 3 Stocks Yielding up to 7.7% to Grab Today

Description

Last month, I'd discussed why it is more important than ever for Canadians to utilize their RRSPs. Defined-benefit pensions plans may be nearly extinct by the middle of the next decade for those who work in the private sector. This combined with the increase in self-employed and contract work for the younger generation means that investors need to be ready to construct and adhere to a self-directed retirement plan.

Growth stocks are always attractive targets for younger investors, but I always like to stash equities in my RRSP that can gobble up income. Today we are going to look at three stocks that fit the bill. Let's dive in.

BCE (TSX:BCE)(NYSE:BCE)

BCE is one of the Big Three wireless carriers in Canada. Shares of the telecom have climbed 10.5% in 2019 as of close on April 2. The stock is up 8.4% year over year.

In 2018, BCE reported that adjusted net earnings grew 3% from the prior year to $3.15 billion. Free cash flow increased 4.4% to $3.56 billion. As with its peers, BCE's impressive wireless growth powered revenue and earnings last year.

The company boosted its annual dividend by 5% to $3.17 per share. This represents an attractive 5.3% yield. BCE has achieved dividend growth for 10 consecutive years.

Emera (TSX:EMA)

Emera is a Halifax-based utility. Shares of Emera have increased 14.3% in 2019 so far. The stock is up 21% from the prior year.

Telecom and utility stocks are increasingly attractive in this low-rate environment, especially with central banks looking to put a pause on rate hikes in the near term. In 2018, Emera reported adjusted net income of $671 million, or $2.88 per share, compared to $524 million, or $2.46 per share, in the prior year. Operating cash flow surged 39% to $1.80 billion.

Emera last paid out a quarterly dividend of $0.5875 per share. This represents a 4.6% yield. Emera has achieved dividend growth for 12 consecutive years. This combined with its wide economic moat is reason enough to trust the stock heading into the next decade.

Inter Pipeline (TSX:IPL)

Inter Pipeline is a Calgary-based company that operates crude oil pipelines, natural gas liquids extraction, and bulk liquid storage businesses in Canada and Europe. It is the riskiest bet among the stock we have covered today but also boasts the most attractive dividend. Shares of Inter Pipeline have increased 14.2% in 2019 so far.

In 2018, annual funds from operations hit a record $1.1 billion for Inter Pipeline — a 10% jump from the prior year. The company announced a dividend increase to an annual rate of $1.71 per share. This represents a very attractive 7.7% yield. Inter Pipeline has achieved dividend growth for 10 consecutive years. The company pays its dividend monthly.

Inter Pipeline has suffered from analyst downgrades with some arguing against its muted growth outlook. Volatility in the energy sector is also a lingering concern. Consider Inter Pipeline a high-risk, high-reward play if you are seeking income for your RRSP.

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