



3 TSX Dividend Stocks Every Canadian Retiree Should Be Considering for their RRSP

Description

There's absolutely no question about it: for Canadians, retirement planning is a tricky concept.

Retirees are not only faced with the difficult task of managing risk appetites, but also with the task of managing their appetites for yield and income versus growth and capital gains.

Chase too much yield, and retirees run the risk that the value of their capital will erode, or lose its value in companies that aren't retaining enough capital to reinvest in the business,

On the other hand, companies that pay too low a dividend or no dividend at all not only won't provide the necessary cash flows that would allow investors to take advantage of the magic of compound interest, but they also can't be used to pay for retirement expenses.

Nor will the lack of a substantial dividend payout suggest much optimism on the part of a company's management and its own view toward the future cash flows of its company.

What this all means is that a good dividend stock, as far as retirees who are still in the early years of their retirement are concerned, will involve a delicate balance of current yield with the potential to sustainably grow the stock's dividend over time. Fortunately, Canadian retirees have plenty of options to choose from in this arena.

In this post we'll take a closer look at three of these companies and what makes them such attractive candidates for your Canadian RRSP or RIF investment accounts.

If there's one thing that our country has in abundance, it's natural resources.

Not only is the TSX Index one of the most popular exchanges for [metals and mining stocks](#), but the Canadian oil sands are home to one of the world's largest deposits of unconventional bituminous sands.

And within the Canadian oil sands, **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) would undoubtedly be

considered the top dog.

Suncor is the largest player operating in the oil sands today, as measured by the size of its total assets.

Meanwhile, Suncor shares are currently paying out a 3.76% annual dividend yield, and with a forward-looking dividend payout ratio under 65% as long as we can manage to avoid another oil crash like we saw in 2016, there should be plenty of runway for Suncor to continue to sustainably grow that payout over time.

Talking about big, it doesn't get any bigger than **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) in Canada.

Royal is Canada's largest publicly-traded common equity bar none, and the firm has made strong headway over the past decade in expanding its presence geographically, investing heavily both within the European and Asian markets.

Those investments have helped to diversify Royal's exposure to the Canadian market and could prove valuable if [central banks](#) were to unexpectedly raise their policy interest rates.

Royal Bank currently pays its common shareholders a 3.99% annual dividend yield while maintaining a payout ratio conservatively below the 50% mark.

Stocks in the auto sector had a strong week, including Aurora-based **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)), whose shares were up 7.83%.

Magna stock currently pays a 2.78% annual dividend. While that sub-3% yield won't be quite up to the same standard as either of the Suncor or Royal Bank shares, it is worth pointing out that Magna's 20% dividend payout ratio is considerably lower than that of the aforementioned two companies.

This attribute not only gives the company more flexibility with which to reinvest in the business, but also gives it the ability to grow the distribution over time.

CATEGORY

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TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:MG (Magna International Inc.)
5. TSX:RY (Royal Bank of Canada)
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Author

jphillips

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