3 Top Canadian Dividend Stocks for Your RRSP Today

Description

Canadian investors often make RRSP contributions and buy stocks just ahead of the annual RRSP deadline.

It is easy to understand why this happens, as year-end bonuses are regularly earmarked for retirement planning. In addition, investors might prefer to wait until they square away all the holiday bills before deciding how much cash is available to put in the retirement fund.

While every situation is different, financial advisors normally say it's a good idea to balance out the RRSP contributions throughout the year, if possible.

For investors who prefer to buy stocks inside a self-directed RRSP, acquiring shares of your target companies on a regular basis helps even out the average cost, and buying throughout the year means your money starts earning dividends as soon as possible.

Let's take a look at three stocks that might be interesting picks right now for your self-directed RRSP.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis is a major player in the North American utility sector with $50 billion in assets located in Canada, the United States, and the Caribbean.

The largest acquisitions in recent years have occurred in the United States, including the US$4.5 billion purchase of Arizona-based UNS Energy and the US$11.3 billion takeover of ITC Holdings. The integration of the two companies has gone well, and Fortis is now spending US$17.3 billion on capital projects over the next five years.

The improved cash flow is expected to support annual dividend growth of at least 6% through 2023. Fortis has raised the payout for 45 consecutive years. The current distribution provides a yield of 3.6%.

Canadian National Railway Company (TSX:CNR) (NYSE:CNI)

CN operates rail lines that connect three coasts, providing its customers with key access to international markets. Tracks run right across Canada and down through the heart of the United States, serving an important role in the workings of the North American economy.

The U.S. business provides a nice hedge against segment weakness in Canada and the earnings generated in American dollars can provide a nice boost to the bottom line when converted to Canadian currency.

CN is investing close to $4 billion in 2019 on new locomotives, additional rail cars, and network upgrades to ensure it remains competitive and meets rising demand for its services.

The company is very profitable and does a good job of spreading out the benefits to investors through share buybacks and dividend increases. CN raised the distribution by 18% for 2019.

Royal Bank of Canada (TSX:RY)(NYSE:RY)

Royal Bank generates an average of $1 billion in adjusted earnings every month. That's an impressive sum, and the good times are expected to continue despite some challenges facing the broader banking sector.

Management is investing heavily in digital solutions to ensure that Royal Bank remains competitive in an evolving financial industry. The company's retail banking operations in Canada receive awards for customer service, and being the largest player in the country gives the bank important financial clout.

Royal Bank is actually the biggest company in Canada with a market capitalization of $154 billion.

Earnings per share are expected to grow by 7-10% over the medium term, which should support steady dividend hikes in the same range. At the time of writing, the stock provides a yield of 3.8%.

The bottom line

Fortis, CN, and Royal Bank have proven track records of driving strong returns for investors, and that trend should continue. If you're searching for reliable stocks to add to your RRSP portfolio, these companies deserve to be on your radar today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Date
2025/08/16
Date Created
2019/04/19
Author
aswalker