3 Top Dividend Stocks That Are Perfect for Your RRSP

Description

In the coming years, Canada will see a record number of citizens enter retirement age, putting intense pressure on the social, economic, and political systems. Individuals young and old need to actively prepare and utilize their registered accounts. Perks like the defined benefit pension plan are set to become essentially extinct in the private sector over the next decade.

Today we'll look at three top dividend stocks that are perfect for your RRSP. These dividend stocks offer a mix of high yields, solid diversification across sectors, and a long history of dividend growth. Let's dive in.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis owns and operates utility transmission and distribution assets in Canada and the United States. If you're on the hunt for stability and steady income, Fortis is a premium option. Shares have climbed 10.3% in 2019 as of close on May 21.

Fortis' history of dividend growth is probably the most obvious positive for new investors. The company has achieved 45 consecutive years of dividend growth, which tops its **TSX** peers. Fortis has laid out a $17.3 billion capital plan that will stretch into 2023, and is expected to increase Fortis' rate base from $26.1 billion in 2018 to $35.5 billion by 2023. This will serve to support Fortis' annual dividend growth target of 6% through 2023.

Fortis stock last paid out a quarterly dividend of $0.45 per share, representing a good-but-not-great yield of 3.5%. Amid a low interest rate environment, Fortis is an elite hold in any retirement portfolio.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge is a North American energy infrastructure giant, boasting one of the largest market caps on the TSX. Shares have climbed 18.8% in 2019 on the back of a bounce-back for the broader energy sector and impressive earnings in 2018 and the first quarter of 2019.

Last week I discussed three stocks with a higher dividend yield than Enbridge. Still, none of these equities possess the wide economic moat, enormous project pipeline and Enbridge's history of dividend growth. In 2018, adjusted earnings climbed to $4.5 billion compared to $2.9 billion in the prior year. Against that backdrop, Enbridge still offers a quarterly dividend of $0.738 per share, representing a tasty 5.8% yield.

Enbridge has achieved 23 consecutive years of dividend growth. The company forecasts another 10% hike to its dividend in 2020, with more moderate increases through the next decade.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC is the fifth largest Canada's Big Six banks. Shares have climbed 10.2% in 2019 so far, which is still down 3.6% from the prior year.

CIBC is set to release its second-quarter 2019 results this morning. As of this writing, we have yet to see what kind of quarter the bank put together. CIBC released a lukewarm first-quarter report, but still hiked its quarterly dividend from $1.36 per share to $1.40 per share. As of close on May 21, this represents a 4.9% yield, one of the best yields among its peers. CIBC has achieved eight consecutive years of dividend growth.

Banks are a riskier bet in the current economic environment as Canada battles slowing growth and a volatile housing market. Still, the Big Banks are still a stable and secure option for a retirement account.

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1. Bank Stocks
2. Dividend Stocks
3. Investing

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Date
2025/09/11
Date Created
2019/05/22
Author
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