2 Dividend Stocks That Will Feed Your RRSP for Decades

Description

Recent surveys have revealed a troubling reality; many Canadians are not prepared for retirement. Fidelity recently released a study that saw 70% of pre-retiree respondents say that they expected to be working in retirement. The survey tallied 2,000 Canadians aged 45 and older. Another 46% of respondents said that they expected to carry debt into retirement.

There was a key point in the survey that readers need to digest this summer; 87% of respondents with a written financial plan said they had a positive outlook for retirement, while 42% of those without a plan had a negative outlook. The takeaway from this tidbit should be obvious; plan for retirement!

Of course, having discipline with a plan and having investment success are two different things. For the latter, we will cover two stocks that are a perfect fit for an RRSP. Both boast a wide economic moat, attractive income and an impressive history of dividend growth, which means that your RRSP is kept fed with steady income for years to come.

Suncor

Suncor (TSX:SU)(NYSE:SU) was my top stock pick for the month of May. The oil and gas giant had to contend with the emergence of a bear market in oil but has remained sturdy as we kick off the summer. Shares have dropped 5% over the past three months as of close on June 26. This is an income-generating equity to trust for the long term, and savvy investors should look to buy low.

Suncor is now at the low end of its 52-week range. The oil and gas giant boasts steady cash flow and has a wide economic moat, albeit in a sector facing long-term challenges. Former CEO Steve Williams predicted in 2017 that oil sands would be around for the next 100 years. This is a stock you can trust for the long haul.

The company last bumped up its quarterly dividend payout to $0.42 per share, which represents a 4% yield as of this writing. Suncor has achieved dividend growth for 16 consecutive years.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) remains one of my favourite dividend stocks on the TSX, especially for investors building a retirement portfolio. Shares have averaged a 9% annual return over the past decade, which is a top shelf performance for a utility.

Fortis currently pays out a quarterly dividend of $0.45 per share, which represents a 3.4% yield. The company has reported dividend-growth for 45 consecutive years, which puts it on track to become a dividend king in the next decade.

Fortis has committed to a massive 5-year investment plan that will grow its rate base and enable dividend-growth into 2023. Moreover, utilities are a prime target after central banks have taken a dovish turn.

If the U.S. Federal Reserve moves to cut its benchmark rate, odds are that Bank of Canada will follow suit. A softening rate environment will continue to contribute to a bullish environment for utility stocks.

Fortis has all the makings of a stellar retirement holding. The only drawback is its price in the summer, which long-term investors can mitigate by committing to dollar cost averaging rather than waiting on a more favourable entry point.

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Date
2025/08/18
Date Created
2019/06/29

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