



## The Science of Building Your RRSP

### Description

Building a proper RRSP is one of the most important things that we can do to secure a retirement that is both financially secure and stress-free. Having enough savings in your RRSP can make this happen. Investing in the right securities can make this happen.

While there is really no magic figure that we can point to, it has been a general rule of thumb that by the age of 65, you need \$1 million to \$1.5 million to take you through retirement.

That said, more is obviously better, because if you're like me, your retirement plans include many exciting adventures. So let's take a look at what years of analysing and investing in the stock market has taught us.

### Diversification

Despite record low interest rates, it still pays to [diversify your RRSP](#) among asset classes. This means including fixed income securities (bonds) as well as equity securities (stocks) in your portfolio.

Some experts suggest starting off with a 50/50 split and then adjusting this based on your age, market fundamentals, and risk tolerance.

Beyond this, it also means diversifying your holdings both geographically as well as by industry. Focusing on the equity portion of your portfolio, this means investing in a variety of stocks from various sectors of the market, i.e., different industries.

### Safety

Focusing on safety of principle is always a good attitude to maintain when making decisions for your RRSP. While the [easy money and easy gains of some stocks](#) and sectors such as the cannabis sector are of course desired by all, we must be mindful of the volatility and peril of these types of stocks.

They are difficult to predict on a day-to-day basis, and their upside potential is matched by scary downside potential.

We have seen this play out recently, as marijuana stocks have lost their lustre and as those who invested at the highs are reeling. That said, a solid rule of thumb is to reserve a small portion of your portfolio for these type of high-risk, high reward stocks. You do want exposure, but you just don't want to hang your hat (and retirement) on these stocks.

As a whole, the RRSP should have a low-risk profile, one that provides steady, predictable growth and dividend income. Slow and steady wins the game.

## Income

Setting your RRSP up for income is a good bet no matter where you are in your retirement journey. This makes sense even well before retirement because chosen well, dividend stocks provide you with dividend income today that's pretty certain and secure, while capital gains are never a sure thing and are difficult to time.

**TC Energy Corp.** ([TSX:TRP](#))([NYSE:TRP](#)) is a stock that meets all of these criteria. It is a stock that you can start with in your RRSP, one that provides a base of predictable income, steady growth, and low-risk business profile that its essential services business provides.

TC Energy stock has more than doubled in the last 10 years, all while delivering yearly dividend increases, which has brought the dividend per share from \$1.52 to \$3.00. After an 8.7% dividend increase in February 2019, the company has guided to 8% to 10% annual dividend growth through to 2021.

## Foolish bottom line

Looking at the science of building an RRSP portfolio, it's clear that TRP stock meets the criteria for inclusion in your RRSP. TC Pipelines stock has been a mainstay that has provided RRSP investors with both dividend income, growth and safety and that can be expected to continue to do so.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

### PARTNER-FEEDS

1. Business Insider

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

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### Date

2025/09/11

### Date Created

2019/09/14

### Author

karenjennifer

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