2 High-Yield Dividend Stocks for Your RRSP

Description

This past weekend, I'd discussed one major retirement mistake that investors should seek to avoid. New data has shown that many Canadians are struggling to adequately prepare for their retirement. There are external factors that play into this phenomenon, such as a higher cost of living, but Canadians will need to find ways to adapt to this new environment. Building your nest egg means making your savings work for you with intelligent investments. Unfortunately, this has also been an issue for Canadians who are failing to put their registered accounts to proper use.

Another major trap that investors can fall into is failing to make their money work for them. For example, keeping your retirement savings in a cash account or a GIC that fails to keep up with inflation can compromise your plans to retire. Instead, focus on investment vehicles that will net you higher yield returns.

Today, I want to look at two dividend stocks that boast yields of at least 4.8%.

BCE

BCE (TSX:BCE)(NYSE:BCE) is one of the largest telecommunications companies in Canada. Shares have climbed 24% in 2019 as of close on October 4. Telecom stocks have gained momentum in 2019 in the face of collapsing bond yields. Like utilities, these stable stocks are good alternatives for investors on the hunt for reliable income.

The company last posted a strong second quarter in which revenue rose 6.4% year over year, and it reported adjusted EBITDA growth of 23.9%. Cash flows from operating activities increased 1.8% to $2.09 billion. Once again, wireless growth was a key driver for BCE, as net customer additions climbed 25.5% from the previous year.

Investors will be getting a stock that pays out a quarterly dividend of $0.7925 per share. This represents a solid 4.8% yield. The company has achieved 11 straight years of dividend growth. It expects its strong cash flows and good financials to support a 12th consecutive dividend hike in 2020.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is the largest energy infrastructure company in North America. Shares have increased 14.4% in 2019 so far. The company has scored some regulatory wins over the past year, and it has been bolstered by impressive quarterly performances.

In the first six months of 2019, Enbridge has reported distributable cash flow of $5.06 billion. The company last declared a quarterly dividend of $0.738 per share, representing a strong 6.3% yield. Enbridge has achieved dividend growth for 23 consecutive years.

The company boasts a massive project pipeline and generates almost 98% of its huge cash flow from fixed-price, regulated, or take-and-pay arrangements. This has largely shielded Enbridge from fluctuations in oil and gas prices. Because of this, Enbridge offers the stability of a utility with the hefty yield of some of its smaller peers in the oil and gas sector.

Management has promised dividend hikes of 10% annually into 2021. This rate is not guaranteed into the mid-2020s, as Enbridge faces regulatory battles, but its +6% yield makes it an attractive target regardless.

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