



## RRSP Alert: 2 Top Canadian Dividend Stocks to Start a Self-Directed Pension

### Description

Young Canadian are starting to put some earnings aside for their [retirement](#) years.

The strategy makes sense, as most advice in the investment world highlights the long-term benefits of getting started early. In fact, the secret to building a large pension portfolio lies in making contributions every year, beginning as soon as you start your career.

The amount doesn't have to be large, especially when the money is put in reliable dividend stocks and the distributions are used to buy additional shares. The power of compounding takes over at that point and does most of the heavy lifting.

Let's take a look at two stocks that might be interesting picks to get your [RRSP](#) started.

### TC Energy

TC Energy is an interesting company and is best known for its extensive natural gas pipeline network located in Canada, the United States, and Mexico, but the company also has power generation facilities, natural gas storage sites, and liquids pipelines.

TC Energy has \$30 billion in development projects on the go that are expected to drive steady revenue and cash flow gains and support annual dividend increases of 8-10% through 2021.

The Keystone XL oil pipeline is the project that gets most of the media attention. It's designed to bring Canadian crude to refineries based in the United States.

Extensively opposition has delayed the development, pushing up costs to potentially \$10 billion on the pipeline that will be nearly 1,900 kilometres long and run through two provinces and three states.

While there could be additional holdups, this mega-project should eventually get built.

Growth can also come through consolidation and TC Energy has the financial strength to make

strategic acquisitions when opportunities come up in the market.

We saw this when the firm spent US\$13 billion to buy U.S.-based Columbia Pipeline Group. That deal positioned TC Energy to be a key player in the emerging sector of transporting natural gas to LNG facilities in the United States.

TC Energy's current dividend provides a yield of 4.5%.

A \$10,000 investment in TC Energy 20 years ago would be worth \$100,000 today with the dividends reinvested.

## CN

**Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) just endured a week-long strike that will put a dent in expected 2019 results.

The company says it will take weeks to clear out all the backlog and get operations back on track, so there isn't a lot of positive sentiment around the stock these days.

In fact, the share price slipped from \$125 in early November to a recent low around \$117.

Bargain hunters have started to step in and the stock is now back above \$119. Investors who have some cash on the sidelines, should consider buying CN today. Historically, any pullback in the stock has proven to be a great long-term entry point.

CN is a core piece of the efficient operation of the Canadian and U.S. economies. The company transports everything from cars and coal to grain, crude oil, forestry products and finished goods. The unique rail network connects three coasts, offering customers access to global markets through key ports.

The board raised the dividend by 18% in 2019 and investors should see a hefty increase in 2020. The compound annual dividend growth rate over the past 20 years is about 16%.

CN has made some loyal investors quite rich. A \$10,000 investment in the stock two decades ago would be worth about \$225,000 today with the dividends reinvested.

## The bottom line

TC Energy and CN are leading players in their respective industries and should be solid picks to start a self-directed RRSP portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)

2. NYSE:TRP (Tc Energy)
3. TSX:CNR (Canadian National Railway Company)
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