



## Canada Revenue Agency: 1 Rookie RRSP Mistake to Avoid at All Costs

### Description

The main reason why Canadians contribute to the Registered Retirement Savings Plan (RRSP) is to save for retirement. The RRSP is an investment vehicle where you can derive many benefits. Among them is the tax-deferral scheme. You can hold investments inside your RRSP and allow your money to grow tax-free.

The Canada Revenue Agency (CRA) [collects the taxes due](#) when you start taking out money from your RRSP. At the time of withdrawals, you're taxed at your rate, which should be lower than when you are working.

But one odd but big, [costly mistake](#) happens, and it has nothing to do with the CRA. Some people use the RRSP not to invest but to save cash. One investor pulse survey reveals that 60% of the average Canadian's portfolio is in cash. If that is the case, it's like having no retirement plan at all.

### Invest the money

Among the investment choices is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Corby** ([TSX:CSW.A](#)). The bank stock and alcoholic beverage stock pay dividends of 4.88% and 5.71%, respectively. You'll be spending less than \$100 per share combined when you purchase the stocks.

### Growing international presence

BNS is known as a consistent dividend payer. This bank is the second Canadian company after **Bank of Montreal** that started paying dividends. Its track record is 187 years. Dividend payouts were made even during cyclical downtrends, market corrections, and recessions. There is dividend growth, despite the low payout ratio.

This Halifax-based bank is the third-largest bank in Canada. BNS has grown in size and gained a competitive advantage by expanding its international presence. Its core market in the home country remains solid. However, the Latin America market is already more than 20% of its commercial lending

portfolio and growing.

RRSP users invest in BNS because of stability, creditworthiness, and, more importantly, consistency and longevity when it comes to dividend payments. BNS is a great source of passive income and wealth. You can buy the stock today and hold it endlessly.

## Fighting spirit

Corby is an excellent choice for dividend investors. There's not much growth, although revenue and income are consistent throughout the years. You can say that this \$435 million manufacturer, seller, and importer of spirits and wines has never been in the red.

What's good about Corby as an investment is that this dividend stock is also defensive in a down market and recession-resistant. Alcohol is a high-cash-flow-generating business, and it does well during a recession.

This dividend stock is underperforming heading into the year-end. Analysts covering Corby, however, are predicting the current price of \$15.35 to appreciate by 72.5% to \$26.50 in the next 12 months. With its 5.71% yield plus the projected capital gain, the returns are going to be fantastic in 2020.

Corby is one of the leaders in the spirits and liquor industry. The products and business model are both good. It should allow operations to endure.

## Money growth opportunities

You need growth assets like BNS and Corby to build your nest egg. Hoarding cash in an RRSP doesn't make sense at all because you lose the money growth opportunities.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CSW.A (Corby Spirit and Wine Limited)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

**Category**

1. Bank Stocks
2. Dividend Stocks
3. Investing

**Date**

2025/08/20

**Date Created**

2019/12/24

**Author**

cliew

default watermark

default watermark