



## RRSP Pension: 2 Top Canadian Stocks to Help You Retire Rich

### Description

Canadian investors are getting their RRSP contributions wrapped up for the 2019 tax year.

The [RRSP](#) is a useful tool to help set aside additional cash to complement other retirement income, including company pensions, CPP, and OAS payments.

The contributions can be used to reduce taxable income when they are made, and it's possible to plan the withdrawals for a time when you would be in a lower tax bracket.

For example, many people use the RRSP funds to cover an income gap if they decide to retire early or shift to part-time work before starting to collect their other pension payments.

Deferring CPP and OAS by a few years increases the size of the payouts, and pulling cash from RRSP savings can be a good strategy to create an income bridge.

Let's take a look at two stocks that might be interesting [dividend](#) picks to get the RRSP ball rolling.

### Suncor

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy company with production, refining, and retail business units.

Oil is out of favour these days, as low prices have hurt the Canadian producers and opposition to new pipelines has made it difficult for Canadian companies to get their oil to the United States or international markets.

In addition, battery technology has improved to the point where electric vehicles are real competition for combustion engine cars and trucks. Furthermore, climate change initiatives are putting oil producers in the hot seat, and the Canadian oil sands sector is a popular target.

With all of this negative news, it might seem odd that Suncor would be a recommendation, but the

stock appears undervalued and oil demand isn't going to go away in the near term.

Suncor generates solid cash flow at current oil prices and margins can expand significantly when the price rises. The past few years have been difficult for companies with high debt and no other source of income, but Suncor's strong balance sheet and diversified revenue stream have allowed it to perform well, despite the rough market.

The company's refining and retail operations provide a good hedge against low oil prices; when the sector is in trouble, Suncor uses its financial firepower to scoop up assets at cheap prices.

Investors have received a dividend hike in each of the past 17 years and get paid a 3.75% yield right now while they wait for a rebound. The stock has already moved off the 12-month lows and more gains should be on the way.

A \$10,000 investment in Suncor 20 years ago would be worth more than \$70,000 today with the dividends reinvested.

## Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a Canadian utility company with more than \$50 billion in assets located in Canada, the United States and the Caribbean.

The majority of the revenue comes from regulated businesses in sectors such as power generation, electric transmission, and natural gas distribution. This is attractive for buy-and-hold investors who are seeking reliable income streams that support steady dividend growth.

Fortis grows through acquisitions and internal development projects. The company completed the integration of two large takeovers in recent years and is now focused on five-year capital program that will see it invest more than \$18 billion.

The management team says the expected increase to the rate base should boost cash flow enough to support average dividend hikes of at least 6% per year through 2024, which is pretty good guidance.

Fortis has raised the payout in each of the past 46 years. The current distribution provides a yield of 3.5%.

A \$10,000 investment in Fortis 20 years ago would be worth more than \$140,000 today with the dividends reinvested.

## The bottom line

While Suncor and Fortis might not be the most exciting companies to own, they're both strong businesses that have generated impressive returns for long-term investors and should be solid picks for a diversified RRSP portfolio.

### CATEGORY

1. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:FTS (Fortis Inc.)
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aswalker

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