3 Top Stocks to Maximize Your RRSP!

Description

Canada has a number of excellent retirement savings options, and while the oft-touted Tax-Free Savings Account (TFSA) is typically the first savings mechanism used by investors to grow tax-free income in retirement, using a Registered Retirement Savings Plan (RRSP) effectively can be an excellent way to stash away money (and take important tax deductions!) on an annual basis and watch it grow over time.

Here are three companies that every long-term investor ought to consider putting in their RRSP for the long haul:

Enbridge

Perhaps one of the steadiest large cap Canadian utilities companies from a growth perspective in recent decades, the past five years have not been friendly to this energy infrastructure giant.

Worth over $100 billion, **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) is a well-diversified business, with upstream and downstream assets supplementing its core oil & gas holdings.

Enbridge offers a very nice 6.2% yield (as of the time of writing), with a reasonable price-earnings ratio relative to the quality of the company's assets.

While the company's stock has remained flat over the past five years, investors have been paid handsomely to wait, and will continue to be so over time; the company has been raising its dividend by double digits, and is expected to continue doing so over the medium to long term.

With interest rates potentially remaining low due to economic pressure and the reality that we're now overdue for a recession, Enbridge is an excellent safe, long-term growth and income option.

Nutrien

As I indicated in an article following the high-profile merger of Potash Corp. and Agrium, **Nutrien Ltd.** (TSX:NTR)(NYSE:NTR), I believed that 2018 and 2019 would be tough years for companies in the potash industry.

That said, with global food demand continuing to rise (with no end in sight), and oversupply likely to abate as the industry consolidates further, picking companies like Nutrien for one's long-term RRSP portfolio sure seems like a good bet to me.

One of the largest producers and retailers of fertilizer in the world, investors can make a real macro bet on a company like Nutrien given its relatively strong fundamentals today compared to a few years ago when potash prices spiked.

Canopy Growth

I'm the first one to say I believe cannabis producers remain a very risky bet for long-term, conservative investors. That said, for those with a long enough time horizon, and the belief that a company like **Canopy Growth Corp.** (TSX:WEED)(NYSE:CGC) can come out ahead as the Canadian market leader means investing now may indeed result in a bargain for those looking purely for growth in their RRSP portfolio.

Again, this is a highly speculative pick: trade with caution.

Bottom line

Because pretax income is set aside in an RRSP program, the tax refund one receives will be theoretically offset by the taxes one will have to pay when withdrawing funds during retirement at one's marginal tax rate.

As such, utilizing this investment/savings vehicle for immediate tax refunds, and reinvesting those funds back into an RRSP or TFSA environment is a sure way of growing wealth over time, with less "out of pocket" cash investment (if one assumes they would rather invest their tax refund than spend it).

Stay Foolish, my friends.

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TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:NTR (Nutrien)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NTR (Nutrien)
6. TSX:WEED (Canopy Growth)

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