



RRSP Deadline: 2 Top Canadian Stocks to Help You Retire Wealthy

Description

The RRSP deadline for making contributions for the 2019 tax year is March 2, 2020.

That's just around the corner and Canadian savers are searching for attractive investment options for their self-directed retirement portfolios ahead of the contribution due date.

The [RRSP](#) is a useful tool for setting cash aside for the golden years. The amount placed inside the plan can be used to reduce taxable income for the designated tax year. This is particularly helpful for people who find themselves in higher marginal tax brackets.

The funds are taxed when withdrawn from the RRSP, but that could be decades down the road. Until then, the contributions can grow tax-free and you might be in a lower tax bracket when you decide to remove the money to cover retirement expenses.

Let's take a look at two [top stocks](#) that might be interesting picks to start a balanced RRSP portfolio.

Royal Bank of Canada

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is a giant in the Canadian financial industry. The company is the largest on the **TSX** by market capitalization with a market value of \$154 billion.

The big Canadian banks are all very profitable, and Royal Bank remains a leader in the sector. The bank reported fiscal 2019 adjusted net income of \$12.9 billion. That's right, Royal Bank pulls in more than \$1 billion in profits every month!

This might irk customers who are of the opinion their fees are too high, but investors are all smiles.

Royal Bank has a balanced revenue stream coming from several segments of the industry, including personal banking, commercial banking, capital markets, wealth management, and insurance. The bank has operations in more than 30 countries and the U.S. division accounts for more than 20% of total profits.

Royal Bank has the financial firepower to make strategic acquisitions when opportunities arise to strengthen the company. At the same time, the bank is investing heavily in its digital offerings to ensure it remains competitive in a rapidly changing environment where more people are comfortable doing their financial transactions across multiple digital platforms.

The stock provides a 3.9% dividend yield and investors should see the payout increase in line with earnings growth.

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

CN

Canadian National Railway Company ([TSX:CNR](#))([NYSE:CNI](#)) might not sound like an exciting investment, but the company more than makes up for the lack of bling with its long-term returns.

CN serves an integral role in the functioning of the North American economy. This became very evident in late 2019, when a one-week strike at the company threatened to seriously disrupt economic activity to the point where businesses and politicians were calling on Ottawa to intervene and force workers back on the job.

Ultimately, CN and its employees sorted out their differences and the company is working to get everything back on track.

CN is unique in the industry as the only player with tracks that connect to three key ports, giving it a competitive advantage not easily matched.

CN still spends billions of dollars every year on capital projects, including network upgrades and the addition of new locomotives and rail cars to ensure it meets rising demand for its services.

The business generates significant free cash flow and investors normally get a big raise each year when the annual dividend hike is announced. In 2019, CN raised the payout by 18%.

A \$10,000 investment in CN just two decades ago would be worth more than \$250,000 today with the dividends reinvested.

The bottom line

Royal Bank and CN are leaders in their industries and should continue to be solid investments.

If you are searching for anchor stocks for a diversified RRSP portfolio, these top **TSX** companies deserve to be on your radar.

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- 2. Investing

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- 2. TSX:CNR (Canadian National Railway Company)
- 3. TSX:RY (Royal Bank of Canada)

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Date

2025/07/30

Date Created

2020/01/17

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