



CPP Pension Users: Bulk Up Your CPP With These 2 Dividend Stocks

Description

In 2016, the federal government of Canada made known its intention to “strengthen the Canada Pension Plan (CPP) for future generations.” The objective became a reality when the first change to the CPP took effect last year.

Despite the enhancements, retirees should realize that the CPP can only replace one-third of the average work earnings. Thus, the CPP might not be enough for you to live a comfortable retirement.

CPP stocks to create a second pension

If you have savings or can save money for investment, you can create a second pension to bulk up your CPP. Dividend stocks such as **TORC** (TSX:TOG) and **Inter Pipeline** (TSX:IPL) can provide you the retirement income stream to augment the CPP limitations.

The energy sector is picking up steam in 2020 and not as volatile as before. Besides, it's comforting to know that the CPP Investment Board (CPPIB) has both stocks in their portfolio. The CPPIB manages and invests the CPP funds in the best possible investment opportunities.

No undue risk or loss

CPPIB's second-biggest equity holding is TORC. Sometimes, mediocre numbers do not tell the whole story. TORC, for instance, showed a negative income for 2019 but reported a 3.44% increase in revenue. Total liabilities went up by \$26 million due to decommissioning obligations, although the company paid down \$40 million in bank debt.

This \$965.77 million oil and gas company derives 97% of its revenue from crude oil. As a result of the mandatory curtailment in Alberta, TORC is benefiting from the increased price of Canadian crude.

Analysts covering the stock have bullish sentiments. They are forecasting TORC to regain momentum in 2020. The price target is \$7.50, or a potential 71.6% increase from its current price of \$4.37. With a

low cost, strong upside, and a 6.77% dividend, TORC is a tempting buy.

The CPPIB's mandate is to invest the fund is assets where it can [achieve a maximum rate of return](#) without undue risk of loss. Therefore, the choice of TORC indicates that the board recognizes the company's potential to ensure the long-term sustainability of the CPP fund.

Excellent niche player

It is no surprise that Inter Pipeline is included in CPPIB's holding. For the past decade, this energy stock has rewarded investors with a 264.64% total return. At present, Inter Pipeline is among the sector's highest dividend payers with its 7.62% yield.

A \$50,000 investment today will generate \$3,810 in [annual income for a retiree](#). Likewise, any amount of investment should double in nine-and-a-half years. Inter Pipeline boasts of magnificent revenue growth. From 2013 to 2018, revenue grew by 85.7% to \$2.6 billion.

During the same period, there was a 70% increase in cash flow per share. Expect this \$9.38 billion oil and gas midstream company to generate increasing revenue for years to come. Roughly 80% of revenue sources are not affected by commodity pricing. Also, new growth projects worth \$3.7 billion are in the pipeline.

Inter Pipeline should gain more ground when its Heartland Petrochemical Complex begins to produce high-profit-margin polypropylene plastic (converted from propane) by the end of 2021.

Best assets

CPP stocks such as TORC and Inter Pipeline are the best assets to own in 2020. You can create a second pension from the dividends and bulk up your CPP at the same time.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date

2025/08/23

Date Created

2020/01/23

Author

cliew

default watermark

default watermark