



RRSP Wealth: 2 Top Dividend Stocks to Help Canadians Retire Rich

Description

The RRSP deadline for making contributions for the 2019 tax year is almost here, and Canadian savers are getting their top picks organized for new stocks to own inside their self-directed pension portfolios.

Ideally, investors would contribute cash to [RRSP](#) accounts on a regular basis throughout the year and purchase stocks along the way. This spreads out the draw on personal cash flows and helps investors acquire stock throughout the market's annual ups and downs, providing a more balanced investing process.

That said, not everyone receives income at the same rate throughout the year. Some people get a significant part of their pay through one-time bonuses that show up in December or January. In addition, budgets are often tight, and it isn't until the first part of February until investors have all the holiday bills tallied up and know where they stand on excess cash available for retirement savings.

Owning quality [dividend stocks](#) has proven to be a winning strategy for RRSP investors, especially when the distributions are used to buy new shares.

Let's take a look at two top Canadian stocks that might be interesting RRSP picks right now.

Royal Bank

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the country's largest bank and the biggest company in the **TSX Index** by market capitalization.

The bank generated \$12.9 billion in net income in fiscal 2019, and the company says investors should see average annual earnings-per-share increase by at least 7% over the medium term.

Dividends normally rise in step with earnings gains, so steady hikes to the payout are likely to continue. The stock currently provides a 4% dividend yield.

Royal Bank has a balanced revenue stream coming from a variety of segments in the industry and has operations in more than 30 countries. Canada and the United States contribute the bulk of the revenue and profits, and investors could see additional acquisitions south of the border to make the American business more important.

Royal Bank spent US\$5 billion to buy California-based City National in late 2015. The deal has worked out well for the bank and would be a solid platform to expand Royal Bank's reach in the commercial and private banking sector.

Royal Bank is investing heavily in its digital offerings to make sure it remains competitive. Mobile banking is increasing, as is the use of its other online services.

A \$10,000 investment in Royal Bank 20 years ago would be worth \$135,000 today with the dividends reinvested.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a leading player in the energy infrastructure sector with pipelines, gas distribution, and renewable energy assets in Canada, the United States, and Europe.

The company plays an integral roll in the transport of oil and natural gas from producers to their customers. In total, Enbridge has 27,500 km of liquids pipelines, more than 39,000 km of natural gas pipelines, and nearly 280 billion cubic feet of natural gas storage. The renewable energy business is growing with wind farms, solar, geothermal, and hydroelectric assets combining for more than 4,000 MW.

The pipeline assets are essentially toll booths, generating steady and reliable revenue streams.

Enbridge went through a transition in the past couple of years with the monetization of about \$8 billion in non-core assets. That helped shore up the balance sheet. The company also bought back the shares it didn't already own in four subsidiaries. As a result, the operations are more streamlined, making it easier for analysts and investors to evaluate the stock.

Enbridge pays an attractive dividend with a yield of 6%.

A \$10,000 investment in Enbridge 20 years ago would be worth \$175,000 today with the dividends reinvested.

The bottom line

Royal Bank and Enbridge are market leaders and should continue to be solid picks for a balanced RRSP portfolio.

The **TSX Index** includes many top dividend stocks that have helped investors generate significant retirement wealth and remain attractive today.

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2. NYSE:RY (Royal Bank of Canada)
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