Canada Retirement Income: 2 Dividend Stocks to Hold Forever

Description

With the RRSP deadline fast approaching, many investors may be thinking about how they want to structure their retirement portfolios this year and beyond. It can be especially tempting for young investors to pour into growth stocks, as they have a long time horizon when it comes to retirement. When you are investing for the long term, you should have some growth stocks, but I like to always have income in a retirement portfolio.

Today, I want to look at two of my favourite dividend stocks that have the potential to provide solid capital growth and good income for the long term. Let's dive in.

Genworth MI Canada

Back in January, I'd discussed why I thought Canada housing was not done with its historic bull run that stole headlines throughout the 2010s. Just this week, Finance Minister Bill Morneau eased the stress test for insured buyers to better reflect current mortgage rates. This will add fuel to a housing market that is already heating up. In January, Canada posted an 11.5% year-over-year increase in home sales and 11.2% price growth.

Genworth MI Canada (TSX:MIC) is a top private residential mortgage insurer in Canada. Its shares have surged 53% year over year as of close on February 20. The company released its fourth-quarter and full-year results for 2019 on February 5. Transactional premiums written rose 9% year over year to $677 million in 2019 and fully diluted operating earnings per share posted 2% growth to $5.38.

In the report, Genworth noted that this growth was due to a larger transactional mortgage originations market. Genworth is well positioned to continue its run as the housing market rebounds. Shares of Genworth offer great value, its stock possessed a price-to-earnings (P/E) ratio of 11 and a price-to-book (P/B) value of 1.3 as of close on February 20. The stock pays out a quarterly dividend of $0.54 per share, representing a 3.7% yield.

Savaria

In previous years, I'd suggested that investors should target stocks that are positioned to grow on the back of Canada's aging population. **Savaria** (TSX:SIS) is one of my favourites in this regard, and it has only scratched the surface of its potential. It is a Laval-based company that designs, engineers, and manufactures products for personal mobility. Some of its products include wheelchair lifts, home elevators, stair lifts, and van conversions.

The stock increased 6.4% year over year as of close on February 20. Investors can expect to see its fourth-quarter and full-year results for 2019 in the coming days. Earlier this month, Savaria was added to the S&P/TSX Canadian Dividend Aristocrats Index. Over the past five years, Savaria has increased its dividend by an average of 24.5% per year. Savaria last increased its monthly distribution to $0.0383 per share. This represents a 3.3% yield.

Savaria possesses a P/E ratio of 29, which may seem high, but it is in favourable territory in comparison to its peers in the machinery industry. It also has a solid P/B value of 2.5.

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