



RRSP Investors: 1 Must-Own Canadian Stock for Your Investment Portfolio

Description

A Registered Retirement Savings Plan (RRSP) is a tax-advantaged account that provides a tax break as motivation to save for retirement. Established in 1957 by the Canadian Federal Government, the account allows Canadians to invest their pre-taxed income and grow tax-free until the funds are withdrawn.

The benefits of investing in an RRSP may already be clear to the many Canadians who regularly contribute to their RRSPs. The bigger questions often fall towards the type of funds that should be purchased within the RRSP.

High-yield dividend stocks can provide retirees with a safe and reliable income stream. In addition to a high-yield dividend, a [quality RRSP investment](#) should have strong potential for growth. Investors will likely be holding the stock until their retirement, meaning they will have many years to benefit from the compounded growth.

With the March 2, 2020, contribution deadline looming, Canadians need to look no further for a quality stock to add to their RRSP.

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#)) provides investors with long-term potential that they can feel confident about holding until they retire. The high-yielding dividend will also allow investors to generate income once they reach their golden years.

Growth potential

Sun Life is in the business of financial services, primarily focused on insurance and wealth management. With a market cap of just over \$38 billion, Sun Life sits behind **Manulife Financial** as the second-largest insurance provider in Canada. Its international expansion strategy makes Sun Life a strong growth candidate.

Recently announced during its 2019 Q4 earnings report on February 12, Sun Life reported a net income of \$719 million, which is an increase of 24% compared to the same period in 2018. Canadian

driven net income accounted for 38% of the \$719 million, with the U.S. and Asia accounting for 18% and 19%, respectively.

U.S. net income saw an increase of 11% in Q4 year over year, which Sun Life largely attributed to its strong growth in medical stop-loss policies. Medical stop-loss insurance (also known as excess insurance) is a policy that allows employers to self-fund their employee benefit plans while not assuming 100% of liability from losses that arise from the plan.

With sales of medical stop-loss policies increasing 17% year over year, Sun Life confidently believes it is strengthening its leadership position as the largest independent medical stop-loss insurance provider in the U.S.

Net income driven from Asia increased 9% in Q4 year over year, which was attributed to the company's excellence in higher growth markets. Sun Life announced during its quarterly earnings call a 15-year bancassurance partnership had recently been signed with a digital banking leader in Vietnam.

As a testament to Sun Life's strong performance, S&P Global Ratings recently announced it would be assigning Sun Life Hong Kong "AA-" long-term insurer credit and financial strength, with a stable outlook. The rating will further support the company's expansion through high-growth markets, as Asia becomes even more of a central contributor for Sun Life.

Dividend yield

Sun Life currently pays an annual dividend of \$2.20, which is a yield of 3.31% at today's stock price. With a \$100,000 investment in Sun Life, that yield would generate an income of roughly \$825 every quarter.

While many financial companies [slashed their dividends during the financial crisis](#), Sun Life stood strong and kept a stable dividend payout from 2009 to 2014. Since then, the company has returned to dividend growth and has increased its annual dividend for four consecutive years.

Foolish bottom line

Sun Life can provide investors with both strong growth potential and a reliable income stream—two traits of a quality RRSP investment. Coming off a strong 2019 Q4 performance, investors can feel confident about adding this stock as a long-term hold in their retirement portfolios.

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Author

ndobroruka

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