



2020 RRSP: 2 Stocks to Buy Today

Description

The RRSP deadline to contribute to your 2019 taxes is fast approaching. Canadians will need to contribute up to their maximum by March 2 in order to receive the tax credit for 2019.

Your contribution room will depend on your 2019 income level, as will the optimal amount of money that you should invest in an RRSP, as opposed to contributing that money to a TFSA.

Once you have decided what money you want to contribute, you'll need to find high-quality stocks to grow that money you're saving.

As the RRSP is a retirement portfolio, you'll want the majority of your portfolio to be invested in reliable long-term companies, such as a stock like **Canadian National Railway Co** ([TSX:CNR](#))([NYSE:CNI](#)) or **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)).

Canadian National Rail

Railroads have always been great long-term investments, and when you consider Canadian National is one of the best run companies in Canada, CNR may be the number one retirement stock every Canadian should own.

The company's business is crucial to our economy, and with large barriers to entry and little competition in the industry, CNR will be a long-term winner.

The company has grown its earnings before interest, taxes, depreciation and amortization (EBITDA) significantly over the last five years, up more than 30%. That's major growth for such a large company with an enterprise value north of \$100 billion.

Canadian National uses this massive growth to fund the continued increase of its dividend, which its grown by 84% over the last five years, paying out roughly 30% of its earnings.

Canadian National reinvests the rest of its earnings into expanding the business, which is why the

company has been able to generate such a sufficient growth rate despite being one of the biggest companies in the country.

Its stock is up more than 360% the last 10 years, showing what a high-quality and perfect long-term stock it is.

Enbridge

Enbridge is a company similar to CNR in that it's a large blue-chip business vital to the North American economy. Plus, it's a business operating with massive barriers to entry, especially with all the regulations involved in getting a pipeline built these days.

The business has been growing rapidly, through both its massive energy infrastructure business that transports roughly one quarter on North America's energy, as well as its regulated utility business which helps to diversify Enbridge's operations.

There are two main reasons why [Enbridge](#) is one of the best stocks to buy forever. The first is due to its sound business, which will continue to be a staple of the economy, earning predictable and reliable income and growing its dominant position in the industry.

The second reason is the income that it pays back to investors — a significant amount that's increased each year, as Enbridge continues to grow its earnings.

The stock yields roughly 5.85% today and has stated it expects to continue to increase the dividend 5% to 7% annually for at least the next few years.

Bottom line

If you are contributing money to your RRSP, you will need to invest it or risk losing value of your funds annually to inflation.

Stick to these two stocks and other high-quality companies just like them in order to position yourself as best as possible for long-term success.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:ENB (Enbridge Inc.)

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