



## Buy This High-Dividend, Blue-Chip TSX Stock to Set Up Your Retirement

### Description

Planning for retirement can be a challenging task for Canadians. It's now clearer than ever that CPP and OAS payments simply won't cut it when it comes time to stop working. Thus, it's wise for Canadians to start saving and building their nest eggs as soon as possible. It's possible to secure a worry-free retirement by building a large investment portfolio over a number of years and then living off the interest or dividend payments received without having to touch the principal investment at all.

When it comes to this sort of long-term planning, [the power of compounding](#) is your greatest ally. It's been shown that over a long horizon, owning blue-chip stocks and reinvesting the dividends received offers some of the best total returns around. It's quite a simple concept: you buy and hold blue-chip stocks and you receive dividends. Using those dividends and any further contributions, you buy more shares of blue-chip stocks. The blue-chip stocks raise their dividends; you receive those and buy even more shares of blue-chip stocks, and so on. Over time, the total value of your portfolio will grow exponentially, and your retirement fund will be healthy and fruitful.

Today, we'll take a look at one blue-chip TSX stock that offers an attractive dividend yield to go with great growth potential for the future.

## Royal Bank

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is a great choice for retirement planners looking to snag a blue-chip TSX stock to hold over the long term. With a \$145.856 billion market cap, it's the largest Canadian bank and regularly increases its dividends while offering reliable and stable growth to investors. Royal Bank has consistently raised quarterly dividends for 20 years, with only a slight dip and stagnation for a few years during the 2008 financial crisis. On top of that, since January 1, 1995, the share price has grown by nearly 1,400%. The share price is even up about 230% since one of its lowest points in the crisis, when it clocked in at \$30.92 on February 1, 2009.

Beyond its past success, Royal Bank is committed to building towards the future. It recently rolled out new [digital and mobile banking services](#), announced a green bond to help fund renewable energy projects, committed to invest \$100 billion in environmentally friendly companies, and showed desire to

expand further into the U.S. market. The company also recently reported earnings, beating the earnings predictions by about 6%.

Royal Bank currently offers a dividend yield of 4.16% and is trading at \$102.52/share after some recent market-wide turbulence. Given Royal Bank's track record for growth and stability, picking up shares at a 4.16% yield should be more than palatable for Canadian investors looking for long-term investment prosperity.

## The bottom line

Royal Bank has proven to be a top-performing, blue-chip stock for multiple decades now and is positioning itself to set up for much of the same for years to come. Given its strong foothold in Canada and plans to tap into the U.S. market, expect the company's steady and stable growth to continue onward. Investors looking to plan for retirement can scoop up shares of Royal Bank now and, by reinvesting the dividends over time, can harness the power of compounding to secure a sizeable retirement fund.

### CATEGORY

1. Bank Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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