RRSP: 3 Dividend Stocks to Own Forever

Description

The COVID-19 pandemic has wreaked havoc on the Canadian and global economy so far in 2020. In previous article, I'd discussed the struggles many Canadians were having in preparing for retirement. Late last year, I'd explained why it was dangerous for RRSP investors to rely on working forever. The pandemic and subsequent lockdowns have pushed Canada's unemployment rate above 15%. Today, I want to discuss why dividend stocks are more important than ever for those saving for retirement.

Why RRSP investors should stash dividend stocks

Registered accounts are incredibly useful tools for Canadian investors. The RRSP allows Canadians to make tax deductible contribution. Dividend stocks are great holds, as income earned in an RRSP is not taxed until it is withdrawn. That tax-sheltered growth and income holds huge promise for investors who invest early and often. Below are some of my top dividend stocks that are worth holding for decades to come.

Target stocks with long histories of dividend growth

RRSP investors should target dividend stocks that have recorded a solid history of income increases. The ability to deliver consistent income increases is typically a mark of quality in a dividend stock.

Genworth MI Canada operates as a top private residential mortgage insurer in Canada. The housing market has slipped due to the pandemic in 2020. However, demand remains high, and Genworth is a mainstay in Canada's crucial real estate sector.

Shares of Genworth have dropped 29% in 2020 as of close on June 3. Meanwhile, the stock is still up 8.3% year over year. Genworth stock last had a very favourable price-to-earnings (P/E) ratio of 7.1 and a price-to-book (P/B) value of 0.8. The company has maintained its quarterly dividend payout of $0.54 per share, representing a tasty 6.3% yield. Genworth has delivered dividend growth for 11 consecutive years.

Bank stocks are always reliable for RRSP investors. **Canadian Imperial Bank of Commerce** stock has dropped 10% in 2020 so far, but its shares have climbed 17% over the past month. The stock still boasts a favourable P/E ratio of 10 and a P/B value of 1.1. CIBC maintained its quarterly dividend of $1.46 per share, which represents a strong 6.1% yield. The bank has an immaculate balance sheet and it has delivered dividend increases for nine straight years.

One more stock I love for an RRSP in June

Power Corporation (TSX:POW) is a Montreal-based company that operates as an international management and holding company. Its shares have dropped 23% in 2020 as of close on June 3. However, the dividend stock has increased 14% month over month.

RRSP investors on the hunt for a reliable dividend payer with a monster yield should take a hard look at Power. Its shares last possessed a P/E ratio of 10 and a P/B value of 0.8. This puts the stock in favourable value territory relative to industry peers. Moreover, Power last declared a quarterly dividend of $0.4475 per share. This represents a monster 7.2% yield. The company has achieved dividend growth for five consecutive years.

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