



Earn Passive RRSP Income the CRA Can't Touch!

Description

When it comes to saving for your retirement, the Registered Retirement Savings Plan (RRSP) is the most popular option for Canadians. The account type is ideal for this purpose due to the tax benefits it enjoys.

You can keep investing in assets and [storing them in your RRSP](#) and defer any taxes you would otherwise have to pay. Any contributions you make to your RRSP and the growth of your wealth is tax-deferred until the time comes to withdraw the amount.

There are limitations to the RRSP that the Tax-Free Savings Account (TFSA) does not have. However, account holders can also leverage the relatively higher contribution room and tax deductions they can make in a year through RRSP contributions.

Today I will discuss a reputable stock that you can store in your RRSP to maximize your passive income for the retirement nest egg.

A dependable banking stock

The **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is a staple investment for Canadians for several purposes. A top operator in Canada's banking sector, TD is a safe and stable dividend stock with substantial growth potential that makes it an ideal asset to store in your RRSP.

The bank has over a hundred years of historical performance that you can consider. Through the time it has been around, TD has seen multiple global economic crises. Each economic downturn saw TD weather the storm and come out stronger on the other side. TD has a substantial international presence and a diversified portfolio.

Its operations are spreading into the U.S., where it's one of the top 10 financial institutions. Toronto-Dominion Bank is trading for \$58.80 per share at writing. The bank is trading at an almost 20% discount from its price at the beginning of 2020. It means there is still room for TD to grow until it recovers to its pre-pandemic valuation.

Earn juicy dividends

At its current valuation, the Toronto-Dominion Bank sports a juicy 5.37% dividend yield. Investing as much as \$20,000 in the stock and storing it in your RRSP can grow your account balance by \$1,074 per year through its dividends alone.

Given the bank's long-term performance, TD is a reliable bank to consider for dividend-seeking investors. The bank has managed to consistently pay its shareholders their dividend payouts without breaking its streak.

TD can earn you substantial passive income that can supplement your retirement nest egg between the dividend payouts and potential capital growth.

Foolish takeaway

[Long-term reliability](#) is the name of the game when it comes to considering assets for your retirement nest egg. The RRSP is an ideal investment vehicle to build your funds. Allocating the RRSP contribution room to reliable dividend stocks like Toronto-Dominion Bank can help you grow your account balance through its dividend payouts.

Additionally, you can consider reinvesting your dividends into the stock to unlock the power of compounding and further grow your wealth. TD stock is an excellent asset with which to consider building your RRSP investment portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/26

Date Created

2020/11/02

Author

adamothonman

default watermark

default watermark