



## RRSP Investors: 2 Top Stocks to Own for 30 Years

### Description

RRSP season is just around the corner. As we head into 2021, investors are searching for top stocks with the potential to generate strong returns for decades.

### RRSP history

The government created the RRSP in the 1950s to help Canadians set cash aside for retirement. Initially, the program only allowed people to contribute up to 10% of their income from the previous year. The maximum contribution limit was \$2,500. In addition, the contribution space had to be used in the year of eligibility. It was not possible to carry RRSP room into later years.

The RRSP rules changed considerably over the past decades. Today, Canadians can contribute 18% of previous year's income. The maximum for 2020 is \$27,230. Unused contribution space is carried forward. This helps with financial planning as it gives Canadians the option of saving contribution space for a year when income is higher. Investors use RRSP contributions to reduce taxable income for the relevant year.

### Best investments for self-directed RRSP accounts

Advisors recommend a balanced portfolio. RRSP investments tend to be for longer periods. As such, one popular strategy involves buying [dividend stocks](#) and using the distributions to acquire additional shares. This takes advantage of dips in the market to add new stock at cheaper prices. Over time, the compounding process can create a significant retirement fund.

In 2021, the market could see a shift away from tech and back towards less exciting industries. Commodity producers and banks, for example, might catch a tailwind.

### Is Nutrien stock a good buy?

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) produces potash, nitrogen, and phosphate. The crop nutrients are key to helping farmers around the world increase yields on their land. Nutrien also has a retail business that supplies seed and crop protection products.

Experts say the global population will rise from 7.8 billion in 2020 to 10 billion in 2050 — a significant increase. At the same time, urban expansion continues to eat into available farmland. As such, demand for crop nutrients should remain robust over the coming decades.

While Nutrien stock isn't as cheap as it was earlier this year, the recent rally should extend through 2021. The dividend provides a 3.75% [yield](#).

## Should Bank of Nova Scotia stock be on your RRSP buy list?

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank by market capitalization. The stock took a hit this year due to the pandemic, but the drop in the share price should be a great buying opportunity.

Why?

Bank of Nova Scotia's international operations felt most of the pain in 2020, which could continue until the pandemic ends. However, the international business, which is primarily focused on the Pacific Alliance countries of Mexico, Peru, Colombia, and Chile, holds significant growth potential over the long term.

In the fiscal [Q4 2020 earnings report](#) the bank indicated the situation is already improving. Bank of Nova Scotia remains very profitable, despite the challenging environment. The company earned adjusted profits of \$1.94 billion in the most recent quarter.

At the current stock price investors can pick up a solid 5.3% dividend yield while they wait for the economy to improve.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:NTR (Nutrien)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:NTR (Nutrien)

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