



RRSP Investing: Buy These 3 Dividend All-Star Stocks

Description

Last month, I'd discussed a key change for the [Registered Retirement Savings Plan \(RRSP\)](#) heading into 2021. It was announced that the RRSP dollar limit will be \$27,830 in 2021 – up from \$27,230 in 2020. In the spring of 2019, I'd discussed why it was [more important](#) than ever for Canadians to take advantage of their RRSP.

The COVID-19 pandemic has plunged even more Canadians into precarious work. Canadians must seize control of their retirement future, especially with defined-benefit pension plans set to be nearly extinct in the private sector by the end of this decade. Today, I want to look at three dividend all-star stocks that are worth stashing in your RRSP for the long term.

RRSP investors: Snag this dividend all-star stock in the auto sector

North America's auto sector has taken a hit during the COVID-19 pandemic. Fortunately, there does appear to be a light at the end of the tunnel as vaccines are being distributed. **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) is the largest automotive parts manufacturer in 2020. Shares of Magna have climbed 28% over the past three months as of close on December 10.

The North American auto parts giant released its third quarter 2020 results on November 6. Total sales fell 2% year over year to \$9.1 billion. However, adjusted diluted earnings per share rose 38% from the prior year to \$1.95. It boosted its 2020 outlook to reflect higher total sales and improved adjusted EBIT margins.

Shares of Magna last had a favourable price-to-book value of 1.8. It offers a quarterly dividend of \$0.40 per share, which represents a 2.6% yield. Magna qualifies as a dividend all-star stock due to its stability, strong earnings growth, and enviable position in its sector. This is worth owning in your RRSP in the 2020s.

Why you should keep betting on Canada housing in the 2020s

When the pandemic hit, many predicted that this might be the pin that pricks the Canada housing market. Sales slowed initially, but the market roared back in the summer and fall. New lending restrictions and an economy in turmoil have failed to put a lid on this red-hot space. Low supply and sky-high demand should continue to underpin Canada housing going forward.

Genworth MI Canada (TSX:MIC) is the largest private residential mortgage insurer in Canada. RRSP investors who want to bet on housing should look to this strong dividend all-star stock. Its shares have climbed 25% over the past three months. The stock is still down 11.5% in 2020.

A flurry of transactional mortgage originations in Q3 2020 was good news for Genworth. New insurance written rose 37% to \$8.3 billion in the third quarter. Net income increased 12% year-over-year to \$124 million.

Best of all, Genworth stock still possesses a favourable price-to-earnings ratio of 9.0 and a P/B value of 1.0. It offers a quarterly distribution of \$0.54 per share, representing a solid 4.9% yield. RRSP investors can rely on this stellar dividend payer for the long haul.

One more dividend all-star stock for RRSP investors

The last dividend all-star stock I want to look at for RRSP investors is **Imperial Oil** ([TSX:IMO](#))(NYSE:IMO). Shares of this top energy stock have dropped 23% in 2020. However, the stock is up 16% month over month. As the economy gets set to return to normalcy in 2021, so too should demand for oil and gas.

Imperial Oil delivered a small profit of \$3 million in Q3 2020 in the face of major challenges. Still, this beat analyst expectations while most of its top peers suffered losses in the quarter. Imperial Oil stock last had a decent P/B value of 0.8.

This dividend all-star stock offers a quarterly distribution of \$0.22 per share, which represents a 3.4% yield. RRSP investors looking for energy exposure should consider Imperial Oil as its sector looks to rebound in the months ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:IMO (Imperial Oil Limited)
4. TSX:MG (Magna International Inc.)

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