RRSP Investors: 2 Insanely Cheap Dividend Aristocrats to Buy Now

Description

The **TSX Composite** remains at or near all-time highs. Yet when it comes to Dividend Aristocrats, there are plenty of options for investors. These stocks provide you with one thing: certainty — certainty that you'll continue to see dividends coming in no matter where the market leads.

The perfect RRSP choice

The goal of the Registered Retirement Savings Plan (RRSP) is to basically create your own pension when you retire. While you'll have access to the Canadian Pension Plan (CPP) and Old Age Security (OAS), these won't cut it for most lifestyles. In fact, if you were to combine your CPP and OAS payments for 2021, that would only bring in $19,299.48 maximum.

That's why it's so important to have an RRSP. By investing, there are a bunch of benefits. First, it brings down your total taxable income. If you have cash available in your Tax-Free Savings Account (TFSA), for example, you could take your total annual income reported down another tax bracket by paying the difference between the two. This can save you thousands.

Then your RRSP makes your returns tax free for as long as your funds remain in the RRSP. True, you pay taxes when it is withdrawn, as it becomes your income. But that's what makes it the perfect option for investors looking to buy and hold stocks. You can then use dividends from these companies to repurchase shares and bask in the glory that is compounding interest.

TELUS

TELUS (TSX:T)(NYSE:TU) recently announced its earnings and announced last November it would be raising its dividend by 3.2%. While that's not much this year, the company remains confident it will continue to see share growth between 7% and 10% through 2022. Yet over the last five years, we've seen a dividend increase of 8.19% when looking at compound annual growth rate (CAGR).

While we're still waiting on earnings, the company has been making some solid moves. Telus recently partnered with **Alphabet** to "see digital transformation within key industries, including communications technology, healthcare, agriculture, security, and connected home." This partnership will last for the next decade and puts Telus even further in the lead of telecommunications companies, thanks to its established wireline system.

Revenue was up 4.21% during the last earnings report, yet shares remain only 4.79% higher than a year ago. This leaves the company at the very least fairly valued, if not undervalued for long-term shareholders. Looking back a decade, shares are up 241% as of writing for a CAGR of 13%. A $10,000 investment in Telus 10 years ago would be worth $71,526.08 today with dividends reinvested.

Alimentation Couche-Tard

Shares in **Alimentation Couche-Tard** (TSX:ATD.B) continue to trade down, and it's all thanks to the pandemic. COVID-19 has left many believing that retail sales will always be down, for some reason. But that's just not the case with this powerhouse retailer.

The company has thousands of locations across North America and has recently begun expanding around the world even more. Alimentation added Norway and Asia to its list of countries most recently. The company is absolutely oversold at this point. While revenue is down 18%, the company remains solid thanks to all this future potential. When COVID-19 passes, you'll pretty much have no choice but to use the company's services once again.

The Dividend Aristocrat has seen dividends rise by a CAGR of about 19% in the last five years and shares rise by 24.45% in the last decade. That would make a $10,000 investment a decade ago worth $163,423.33 today!

Bottom line

While it can sometimes be unclear where you want to invest during an economic downturn, right now it's clear. If you're a long-term holder looking for RRSP stocks, look to Dividend Aristocrats like these. Each has the potential to expand even more in the future, with solid dividends that are likely to continue rising for decades to come.

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