



RRSP Investors: 2 Dividend Aristocrats to Hold Forever

Description

While the [deadline](#) to contribute to the Registered Retirement Savings Plan (RRSP) has passed, that doesn't mean you shouldn't stop investing in your RRSP until next year. Far from it. There are several strategies to creating a solid portfolio in your RRSP. I will outline one of those strategies and why Dividend Aristocrats are key.

Drip feeding

Once of the best practices you can do for any portfolio is to drip feed. This process involves slowly feeding into a stock over long periods of time rather than bulk payments all at once. There are several benefits to this. First, you can put aside a set amount of cash every month from your paycheque. You then know exactly how much you're putting in each month. Second, you don't have to hoard cash and hope your returns are worth it one day.

A great place to start is by figuring out what 10% of your monthly income would be. Then take that amount and put it directly into your RRSP. You should then have a list of stocks, mutual funds, or whatever you choose on a watchlist. That way, when it's time to contribute, you simply have to look at which stock offers the best bargain.

Have a Dividend Aristocrat list

Of course, you'll need a list to manage this list. While I definitely recommend a diverse portfolio, I can get you started with Dividend Aristocrats. These are definitely stocks you'll want to keep in your RRSP and drip feed into until your retirement. If you're unfamiliar, a Dividend Aristocrat is a stock that has increased its dividend each and every year for 25 years or more.

So, now, you have stocks that are practically guaranteed to continue increasing dividends, and you can use those returns to put right back into your stocks. In case you're wondering, that is free money you're receiving each and every quarter from these stocks. Buy enough, and you could create your own passive-income paycheck in retirement!

Two options

If you want stability in retirement from your RRSP and in your earnings while getting there, then you definitely want Dividend Aristocrats. But not all of them are created equal. You still want stocks that have a solid growth plan in their future. That way, you'll also see strong returns. So, look into industries that really aren't going anywhere.

Utilities are the perfect place to start, and that will lead you directly to **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). The stock is a Dividend Aristocrat, true, but it's also one year shy of becoming a Dividend King — the first on the **TSX**! So, if you're looking for solid dividend growth, this is what you'll want.

The stock currently offers a 4.04% dividend yield and has risen that dividend at a compound annual growth rate (CAGR) of 5.63% over the last decade. Shares have also risen 118% in the last decade for a CAGR of 8% as of writing. Yet there's been a slight pullback since the March 2020 crash, leaving a perfect opportunity to jump in.

Then there's **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Now the perfect chance to jump on this stock before super growth. The company is involved in the oil and gas sector as a pipeline provider. Oil and gas prices are finally starting to rise, and more than that, Enbridge stock will grow stronger than ever, as oil and gas continues to be the main provider of energy for at least the next few decades.

But Enbridge is also preparing for the renewable energy sector, buying up new renewable projects for when its long-term contracts run out decades from now. No wonder it can afford to bump its dividend year upon year. Shares are up 137% in the last decade with a CAGR of 9%, and its dividend yield sits at a whopping 7.55%, rising at a CAGR of an incredible 14% in the last 10 years!

Bottom line

While nothing is a sure thing, you'll want as close as possible when it comes to your [RRSP](#). These two stocks offer a solid base for any portfolio, providing dividends that are sure to keep coming in for decades to come. Meanwhile, you'll see solid returns now and years ahead.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)

3. TSX:ENB (Enbridge Inc.)
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