# RRSP Investors: 2 Top TSX Dividend Stocks to Own for Decades

## Description

Canadian investors are searching for top **TSX** stocks to add to their RRSP portfolios. The overall market looks a bit expensive these days, but some high-quality dividend stocks still appear attractive for buy-and-hold positions.



## TC Energy

**TC Energy** (TSX:TRP)(NYSE:TRP) is a leading player in the North American energy infrastructure industry with oil, natural gas, gas liquids, and power generation assets located across Canada, the United States, and Mexico.

The drop in oil demand due to the pandemic and ongoing opposition to large pipeline projects kept investors away from the energy infrastructure sector in the past year. This is providing new investors with a chance to buy top stocks in the industry at cheap prices.

TC Energy trades near $61.50 per share at the time of writing compared to $75 before the pandemic. The company recently abandoned its Keystone XL project after Joe Biden revoked a presidential permit to complete the pipeline. While this is a setback, TC Energy still has $20 billion of developments on the go that will drive revenue and cash flow growth in the coming years.

TC Energy gets most of its revenue from regulated assets or long-term contracts. That means the income stream is relatively predictable and reliable. The board intends to raise the dividend by 5-7% per year over the medium term, supported by a strong capital program. Acquisitions could also drive growth in the coming years.

Investors who buy TC Energy right now can pick up a solid 5.6% dividend yield. This is a great stock for a dividend-focused RRSP portfolio.

## TD

**TD** (TSX:TD)(NYSE:TD) currently trades at a multiple of about 11 times trailing 12-month earnings. The stock isn't as cheap as it was last year but still appears attractive as an anchor position for RRSP investors.

TD made it through the worst of the pandemic in much better shape than many investors feared when Canada initially went into lockdown and millions of people lost their jobs. TD and its Canadian banking peers set aside billions of dollars to cover potential loan defaults.

Loan losses will likely rise once government aid gets cut later this year, but TD can absorb the anticipated hit and is actually sitting on a mountain of excess cash.

The Canadian banks will likely get the go-ahead to resume dividend increases later this year or in the first part of 2022. When that happens TD investors should see a string of large payout hikes. In addition, TD could launch an aggressive share buyback program.

Excess funds might also be used to make new acquisitions to boost growth in the United States. TD recently closed its purchase of Headlands, a Chicago-based quantitative fixed income player.

TD trades near $84 per share right now. That's down from the 2021 high around $89, so investors have an opportunity to buy the stock on a dip. TD's current dividend provides a yield of 3.7%. Other dividend stocks in the market offer better yields, but TD has a compound annual dividend growth rate of about 10% over the past two decades and investors should see payout hikes meet or exceed that amount in the next few years.



## The bottom line on RRSP investing

TC Energy and TD are top TSX dividend stocks that pay reliable distributions that should continue to grow. If you have some RRSP cash to put to work, these stocks deserve to be on your buy list.

**CATEGORY**

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2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:TD (The Toronto-Dominion Bank)
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