



## RRSP Investors: 2 Stocks to Buy Now for a Self-Directed Pension Fund

### Description

RRSP investors using [online brokerage](#) accounts are searching for solid stocks that pay reliable and growing dividends to put in their self-directed retirement portfolios.

### Emera

**Emera** ([TSX:EMA](#)) is a utility company based in eastern Canada with \$31 billion in assets located across six countries serving 2.5 million customers. The businesses are primarily regulated electricity and natural gas transmission and distribution operations in Canada, the United States, and the Caribbean.

Emera's board just approved a dividend increase. The new payout adds up to \$2.65 per share annually, compared to the current distribution of \$2.55. That's roughly a 4% boost. In addition, the company extended its dividend growth guidance of 4-5% per year through 2024.

Emera's \$7.4 billion capital program could jump by \$1.2 billion through 2023. As the new assets go into service, revenue and cash flow should increase enough to support the targeted dividend hikes.

The company recently offered \$150 million in preferred shares to raise funds for general corporate purposes. Robust demand led Emera to increase the offering to \$225 million, so the market appears comfortable with the business outlook.

The stock is off a bit in the past few weeks, providing investors a chance to pick up Emera on a dip. At the time of writing Emera trades for close to \$46.50 and offers a 4.4% dividend yield.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is a leading energy infrastructure company with more than \$100 billion in assets spread out across Canada, the United States, and Mexico.

The company is working on a \$21 billion capital program through 2025 that is expected to drive revenue and cash flow growth to support projected annual dividend increases of 5-7%. TC Energy's natural gas transmission assets connect key Canadian and U.S. production regions to domestic and international buyers. The 670km Coastal GasLink project will move natural gas to a Liquefied Natural Gas (LNG) facility near Kitimat, British Columbia.

LNG is in high demand overseas as countries that do not have domestic sources of natural gas are using the fuel as a substitute for coal and oil to generate electricity. Natural gas emits much less carbon dioxide than the other fuel sources and is viewed as an attractive transition option while countries expand their solar, wind, and geothermal capabilities.

TC Energy has a [market capitalization](#) of about \$60 billion. This gives the company the heft to make large acquisitions to drive additional growth. For example, TC Energy spent US\$13 billion in 2016 to buy Houston-based Columbia Pipeline Group. Consolidation in the energy infrastructure industry is expected to continue. It is difficult to get new large pipeline projects approved and built these days, so existing assets become more valuable and strategic deals among complementary networks are likely on the way.

TC Energy trades near \$61.50 per share. That's off the 2021 high of \$65 and well below the pre-pandemic price of \$75, so there is decent upside potential as the energy sector recovers. Natural gas, in particular, has a bright future and TC Energy's vast transmission and storage assets position the company well to benefit from global LNG demand growth.

Investors who buy the shares today can pick up a 5.6% dividend yield.

## The bottom line

Emera and TC Energy pay good dividends that should continue to grow. The stocks look attractive at current prices and provide above-average yields. If you have some cash to put to work in a self-directed RRSP, Emera and TC Energy deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:EMA (Emera Incorporated)
3. TSX:TRP (TC Energy Corporation)

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