RRSP Investors: 2 Defensive Dividend Stocks to Buy Now

Description

With markets still near record highs and due for a meaningful correction, it makes sense for RRSP investors to buy some good defensive dividend stocks for their retirement portfolios.

BCE

BCE (TSX:BCE)(NYSE:BCE) continues to invest in world-class wireline and wireless networks to ensure its customers have the broadband capacity they need for work or entertainment.

The company increased its capital expenditures by 12.4% in Q3 2021. BCE is running fibre optic lines directly to homes and businesses. It is also ramping up its 5G expansion. BCE spent $2 billion in the summer on new 3,500 MHz spectrum licences. This is the foundation for the 5G network.

These initiatives open up array of new revenue opportunities for the communications provider in the coming years.

BCE reported solid Q3 2021 results and confirmed its guidance for 2021. Net earnings rose 9.9% year over year. Adjusted EBITDA increased 4.2%, and adjusted earnings per share increased 3.8%.

The rebound in the media group should continue in 2022. Companies are opening up their wallets again for advertising spending across BCE's platforms that include radio, TV, and digital.

On the communications side, an increase in travel in 2022 should bump up lucrative roaming fees.

BCE generates solid free cash flow to support its generous dividend. The current payout provides a yield of 5.34%.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) has raised its dividend in each of the past 48 years. That's one of the best dividend-growth records in the **TSX Index**.

The company grows through a combination of strategic acquisitions and development projects. The current $20 billion capital program will drive rate base growth of about 6% per year over the next five years. As a result, Fortis is projecting an average annual dividend increase in the same range through at least 2025.

Additional projects or new acquisitions could boost revenue even more and extend the distribution-growth outlook. Fortis has a number of developments under consideration across its asset base. In addition, the firm recently hired a new executive with significant merger and acquisition experience. Fortis hasn't made a large acquisition in the last five years, and the company might decide to make a move while borrowing costs are still low and the Canadian dollar is relatively strong.

Fortis owns utility assets that have predictable revenue streams. Power generation, electric transmission, and natural gas distribution are recession-resistant businesses that deliver rate-regulated cash flow. That's the type of reliability dividend investors search for in a buy-and-hold RRSP investment.

At the time of writing, the stock provides a 3.7% dividend yield.

The bottom line on top defensive dividend stocks for RRSP investors

BCE and Fortis provide essential services that are used regardless of the state of the economy. Everyone needs internet and mobile phone services for work and daily communication. Homes and businesses also need electricity and natural gas to keep the lights on and heat the buildings.

The stocks tend to hold up relatively well when the broader stock market takes a hit, and they pay attractive dividends that should be safe.

If you have some cash to put to work and are searching for top defensive stocks for a self-directed RRSP, BCE and Fortis deserve to be on your radar.

CATEGORY

1. Dividend Stocks
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2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

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