RRSP Investors: 2 Top Dividend Stocks to Buy in December 2021

Description

Since Christmas is a time of giving, don't forget to buy a gift for yourself! Some of the greatest gifts you can buy for yourself this holiday season are top dividend stocks in your RRSP. You'll get a big tax refund for your contributions that you can use to contribute to your TFSA in the new year, so you'll have your money growing tax-deferred and tax-free!

Here are some top dividend stocks you can consider for your RRSP.

Rich Canadian dividend stocks

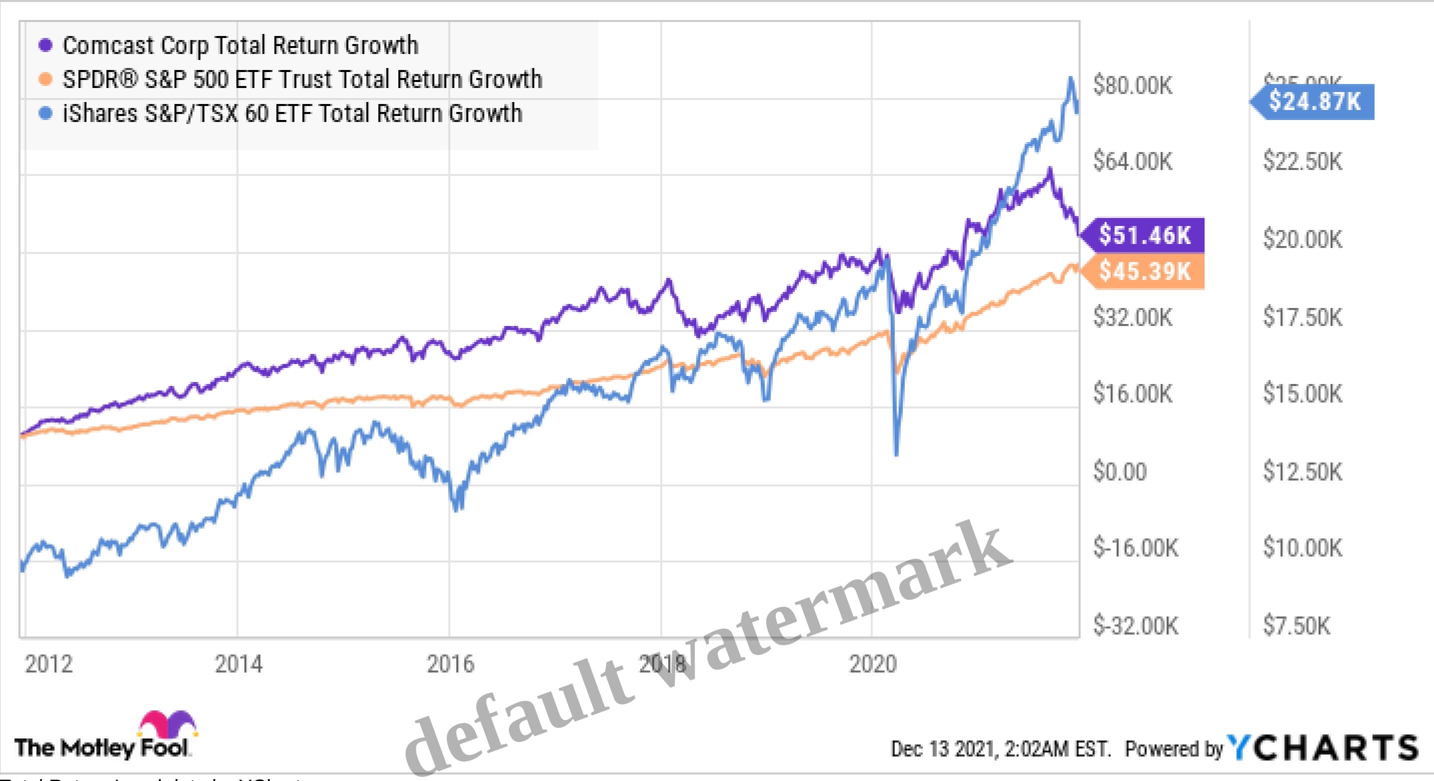
Get a rich yield from big dividend stocks immediately. Then you'll have no fear of the high inflation we're experiencing now. Take your pick between large-cap energy infrastructure stocks **Enbridge** (TSX:ENB)(NYSE:ENB) and **TC Energy** (TSX:TRP)(NYSE:TRP). They provide incredible yields of 7.15% and 6% at this writing! Moreover, they expect to increase their dividends by about 3-5% over the next few years. Their dividends already more than keep pace with inflation. According to analysts, TC Energy stock is a tad more undervalued than Enbridge stock at writing.

Since it's not ideal to take money out of RRSPs before retirement, you can reinvest their juicy dividends for even greater returns to grow your retirement fund to be even more impressive. Let's say you average a reasonable yield of 4% for a $50,000 RRSP, your RRSP engine can fuel itself, because you'll be able to reinvest $2,000 (or more of income) every year without you having to make more contributions!

You'll love it to have extra cash to invest, generated from stable dividend income when the market is in correction mode, which is exactly what's happening to this cheap tech stock right now!

U.S. dividend stocks

The RRSP is the perfect place to diversify into quality U.S. dividend stocks. There's no withholding tax on qualified U.S. dividends in RRSPs (or RRIFs). A quality U.S. dividend stock you should consider before 2021 ends is **Comcast** (NASDAQ:CMCSA). The solid communication services stock has outperformed the U.S. and Canadian stock market benchmarks in the last decade while increasing its dividend. It beat the U.S. stock market by about 13% and doubled the Canadian stock market returns by turning an initial $10,000 investment into approximately $51,460.



Total Return Level data by YCharts

Although investors started with a yield of only about 1.7% a decade ago in the U.S. dividend stock, the yield on cost would have grown to roughly 9.1%. Comcast's conservative payout ratio, stable earnings, and strong free cash flow generation should result in many more years of dividend increases. For a taste, its five-year dividend-growth rate is 13.7%. Even if the company were to grow earnings at a rate in the 7-8% range, it would still be reasonably valued.

However, that's not what analysts think. They believe Comcast stock's recent correction of about 21% is an excellent opportunity to buy the U.S. dividend stock. Across 34 analysts, Comcast's average 12-month price target suggests 34% near-term upside potential, which is absolutely attractive. It's not to say that I'm encouraging investors to sell the stock in 12 months. Instead, the upside prospect is an indication that the dividend-growth stock is cheap.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TRP (Tc Energy)

4. TSX:ENB (Enbridge Inc.)
5. TSX:TRP (TC Energy Corporation)

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