



## RRSP Investors: 3 Top TSX Dividend Stocks to Buy Now and Own for 25 Years

### Description

RRSP season is just around the corner, and Canadian savers are starting to line up top stocks to buy for their self-directed [retirement](#) portfolios in 2022.

### Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) has started deploying the large cash hoard it built up during the past two years. The bank recently raised the dividend by 25% and just announced a major acquisition in the United States that should help drive strong growth in the coming years.

Bank of Montreal is spending US\$16.3 billion to buy Bank of the West in the United States. The deal adds US\$105 billion in assets and 1.8 million new customers to Bank of Montreal's existing U.S. operations that have grown over the past 40 years through strategic acquisitions.

Bank of Montreal has paid a dividend every year since 1829. That's a great track record for investors who want to own reliable dividend stocks in their retirement funds while also achieving steady capital growth.

Investors who buy the stock at the current share price can pick up a solid 4% dividend yield.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company based in Halifax with \$57 billion in assets located across Canada, the United States, and the Caribbean. The business has grown steadily over the decades through a combination of strategic acquisitions and development projects.

Fortis is currently working through a \$20 billion capital program that is expected to increase the rate base by about 6% per year from 2022 to 2026. The board raised the dividend by about 6% in 2021 and management expects ongoing distribution hikes to be in that range through at least 2025.

A few other projects could get added to the development portfolio in the next couple of years. This would potentially bump up the size of the dividend increases. A new acquisition is also possible. Fortis recently hired a merger and acquisition specialist to join the senior management team.

Fortis raised the dividend in each of the past 48 years, so investors should have confidence in the outlook. The stock currently provides a 3.5% dividend yield.

Long-term investors have done well with the stock. A \$10,000 investment in Fortis 25 years ago would be worth nearly \$200,000 today with the dividends reinvested.

## Algonquin Power

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$18.25 per share compared to the 2021 high around \$22.50. The stock is down amid the broader pullback in the renewable energy [sector](#) this year after a big run in late 2020 and early 2021. Algonquin Power is also under pressure due to the recent announcement of a large acquisition.

The company has agreed to buy Kentucky Power in a US\$2.85 billion deal that will significantly increase Algonquin Power's customer base, power transmission assets, and its rate base. The market seems to be concerned about how Algonquin Power will ultimately pay for the deal, but the fears are likely overblown. Algonquin Power has a strong track record of making successful acquisitions and the deal should deliver solid revenue and cash flow growth in the coming years.

The company expects to deliver compound annual adjusted earnings-per-share growth of 7-9% through 2026, supported by the new US\$12.4 billion capital program and the acquisition.

Algonquin Power's board has raised the dividend by 10% per year for the past decade. The current distribution provides a 4.7% yield.

## The bottom line on top RRSP stocks to buy now

Bank of Montreal, Fortis, and Algonquin Power are all top dividend stocks that should deliver attractive total returns for RRSP investors in the coming years. If you only buy one for a retirement portfolio in 2022, I would probably make Algonquin Power the first choice today.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BMO (Bank Of Montreal)

6. TSX:FTS (Fortis Inc.)

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#### **Date**

2025/09/05

#### **Date Created**

2021/12/21

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