



RRSP Investors: 1 Future Dividend King to Buy Before the New Year

Description

Back in the summer, I'd looked at some of the top [dividend stocks](#) to target in a retirement portfolio. Many Canadians were already in a troubling position when it came to their preparedness for retirement ahead of the COVID-19 pandemic. We are about to enter the third year of the pandemic. RRSP investors should gear up for rate hikes and potential volatility in an overheated market. Today, I want to look at one TSX stock that is set to become a [Dividend King](#) by the middle of the 2020s.

Why should RRSP investors target a Dividend King?

A Dividend King is a stock that has achieved at least 50 consecutive years of dividend growth. As it stands today, there are no equities on the TSX that have met that goal. Meanwhile, some of the top Dividend Kings in the United States include **Emerson Electric**, **Coca-Cola**, **Johnson & Johnson**, and **ABM Industries**.

RRSP investors should be eager to seek exposure to companies that have a proven track record of rewarding shareholders for decades. Fortunately, Canadians will not have to wait long to see one of our own companies to this illustrious group.

Here's a top TSX stock that is on the path to +50 years of dividend growth

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a St. John's-based utility holding company. Shares of Fortis have climbed 17% in 2021 as of close on December 29. The stock has surged 10% in the month-over-month period.

The company unveiled its third-quarter 2021 results on October 29. Adjusted net earnings in the first nine months of 2021 were reported at \$919 million — up from \$875 million in the previous year. Meanwhile, adjusted net earnings per share jumped to \$1.96 over \$1.88 in the year-to-date period in 2020.

In the third quarter, Fortis announced a 2022-2026 capital plan of \$20 billion. The company aims to generate rate base growth of 6% over the course of the projected period. Moreover, it reaffirmed its 6% annual dividend-growth target through 2025.

Fortis announced a quarterly dividend of \$0.535 per share in the most recent quarter. That represents a roughly 6% increase from the previous year. Better yet, that means the company has delivered annual dividend increases for 48 consecutive years. Two more years of dividend increases will put Fortis in [elite company](#) as a Dividend King. What does its value look like for RRSP investors right now?

How does this stock's value look right now?

Shares of Fortis last had a price-to-earnings ratio of 23. That puts the stock in favourable value territory in comparison to its industry peers. However, Fortis last had an RSI of 78. That puts its shares in technically overbought territory as of close on December 29.

RRSP investors who are looking to be a bit more cautious in this climate may want to wait to snag Fortis, as the stock is scorching hot right now. Regardless, I love this future Dividend King for the long term this decade.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:FTS (Fortis Inc.)

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