



RRSP Explained: 2 Stocks to Buy

Description

The Registered Retirement Savings Plan (RRSP) has been an excellent investing and savings account for several decades. The account allows you to grow your money with substantial tax benefits. While the RRSP is a savings account, it does not necessarily mean you can only use the account to store cash and rely on interest income to grow your wealth.

Many investments can qualify for RRSPs, including stocks, bonds, and mutual funds. Any money you contribute to your RRSP can grow tax-free, and that sets you up for stellar wealth growth through the power of compounding, particularly if you use the contribution room to store equity securities that promise [substantial long-term returns](#).

If you use the contribution room in your RRSP to buy and hold the right [undervalued stocks](#) for a long time, you could enjoy stellar shareholder returns to become a far wealthier investor by the time you retire.

Today, I will discuss two **TSX** stocks that could be excellent additions to your RRSP portfolio for this purpose.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy company. The \$45.76 billion market capitalization company is headquartered in Calgary, and it specializes in the production of synthetic crude oil from oil sands. It runs production, retail, and refining businesses that offer it a balanced revenue stream.

Suncor stock was a Canadian Dividend Aristocrat until the pandemic came along. Lockdowns and travel restrictions devastated its revenues, as oil prices nosedived. 2021 was a completely different picture for the energy industry, as travel restrictions eased up and oil demand soared through the roof.

The company made the most of the surge in demand, raising its shareholder dividends back to 2019 levels after slashing its payouts by 55%. The company is also deploying the extra cash it generated to

reduce its net debt and start a share-buyback program.

At writing, Suncor stock is trading for \$31.49 per share, and it boasts a juicy 5.34% dividend yield that you could lock into your RRSP portfolio.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is one of Canada's largest gold producers. The \$42.55 billion market capitalization gold mining company is headquartered in Toronto. Barrick Gold has 16 mining operations across 13 countries that produce gold and copper, with most of its revenues coming through its gold production.

Gold has always been a safe-haven asset that investors flock to during market downturns. When gold prices rise during volatile market environments, profit margins for gold producers like Barrick Gold see an uptick that generates more returns for investors. Barrick Gold owns six of the top 10 tier-one gold mines worldwide.

With gold prices high right now, and the possibility of the rare yellow metal becoming more expensive in the coming months, Barrick Gold stock could be an excellent investment. At writing, Barrick Gold is trading for \$23.99 per share, and it boasts a 1.91% dividend yield.

Foolish takeaway

A balanced portfolio in your RRSP can provide you with significant long-term wealth growth while protecting your investment returns from market downturns.

[Undervalued stocks](#) that offer the potential for significant long-term upside can play a crucial role in helping you significantly grow your nest egg for a more comfortable retired life.

Suncor Energy stock and Barrick Gold stock appear cheap in the current market environment. The companies are leaders in their respective industries and could deliver strong total returns in your RRSP. I recommend keeping a close eye on the two stocks and adding them to your RRSP portfolio if you are bullish on their long-term prospects.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABX (Barrick Mining)
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