



## RRSP and TFSA Users: 2 Defensive Stocks to Buy and Never Sell

### Description

Canadians can make full use of their investment dollars in 2022 by holding income-producing assets in a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA). It won't hurt to contribute to both accounts if finances allow because [money growth is tax-free](#).

However, users of either account should limit their [investment choices](#) this year to defensive stocks. Inflation is rising faster than the average pace, so you need capital protection and growing income simultaneously. Buy shares of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) or **TELUS** ([TSX:T](#))([NYSE:TU](#)) and never sell them ever.

### Established dividend grower

Fortis is one of the two best dividend growers on the TSX. The \$27.84 billion electric and gas utility company is second to **Canadian Utilities** in terms of the longest dividend growth streak. Suppose management increases the dividends later this year, the record will extend to 49 consecutive years.

David Hutchens, President and CEO of Fortis, said, "As a premier North American utility company, we are committed to conducting our business in a responsible manner for present and future generations. We will continue to make progress on the most pressing sustainability issues for the benefit of our customers, communities, and the planet."

Fortis' defensive attributes stem from its highly regulated (nearly 100%) electric and gas utility businesses. The mother company and 10 of its affiliated electric and gas companies carry investment-grade ratings. Management sees multiple growth opportunities ahead, particularly energy infrastructure that supports a cleaner energy future.

Last year, the company promised to increase dividends by an average of 6% annually through 2025. Management is confident that it can keep the commitment and keep investors whole. The recently announced \$20 billion new five-year capital investment plan (2022 to 2026) should increase Fortis' rate base to \$41.6 billion by 2026.

## Hedge against inflation

Exposure to Canada's telco space in 2022 should be timely, given the need to hedge against inflation. Apart from being an excellent dividend play, TELUS is a generous income provider. At \$29.83 per share, the telco stock pays a 4.39% dividend. On January 14, 2022, TELUS announced that its next-generation 5G network covers 70% of Canada's total population.

TELUS expects to spend around \$54 billion in infrastructure and operations through 2024. Currently, 744 urban and rural communities connect to a fast and reliable 5G network. According to its President and CEO, Darren Entwistle, the ongoing next-generation 5G technology expansion should bridge time and distance.

Entwistle adds that, because of the 5G expansion, residents can live and work in any community without compromising productivity or economic opportunity. Likewise, the 5G evolution will allow it to connect to life-changing devices, supercharge sensor-fitted drones for improved crop management, and make autonomous vehicles smarter and safer.

Besides **IBM** Cloud Satellite, **Google** Cloud, and **GM**, TELUS has key partnerships with academic institutions to unlock new ways for 5G technology to improve the lives of Canadians.

## Know your contribution limits

The Canada Revenue Agency pegs the RRSP contribution limit at 18% of earned income, although the absolute amount increases every year. For the taxation year 2022, the maximum is \$29,210. [TFSA users](#) should avoid contributing more than the \$6,000 limit for 2022 to avoid paying penalty taxes.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
4. TSX:T (TELUS)

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