



2 Top TSX Dividend Stocks to Help You Retire Rich

Description

RRSP and TFSA investors are searching for the best TSX stocks to add to their [retirement](#) portfolios. Buying top dividend stocks and using the distributions to acquire new shares is one popular [strategy](#) for building pension wealth.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank and one of the country's biggest companies with a market capitalization of \$110 billion. Unlike its peers, who have invested in growth opportunities in the United States, Bank of Nova Scotia's international focus has been on Latin America.

The bank has invested billions of dollars on acquisitions to build a large presence in Mexico, Peru, Chile, and Colombia. It might seem odd to choose these countries given their volatile geopolitical and economic backgrounds, but the growth opportunities are significant in these markets that are home to a combined population of more than 230 million. The four countries are also members of the Pacific Alliance trade bloc that enables the free movement of goods, capital, and labour among the four markets. The pandemic hit the region hard, but banking operations in the international group in normal times are very profitable for Bank of Nova Scotia.

Bank of Nova Scotia just announced plans to increase the size of its share-buyback program to 36 million shares. This is on top of the board's 11% dividend hike last fall. Another generous payout increase is likely on the way this year.

The stock is down a bit from the 2022 high, giving investors a chance to pick up the shares on a dip. At the time of writing, BNS stock trades at a reasonable 11.5 times trailing 12-month earnings and provides a 4.4% dividend yield.

Long-term investors have done well with the stock. A \$10,000 investment in Bank of Nova Scotia 25 years ago would be worth more than \$180,000 today with the dividends reinvested.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is another Canadian giant that pays a great dividend.

At the time of writing, the energy infrastructure firm has a market capitalization of \$117 billion, giving it the financial clout to make strategic acquisitions in a sector that is expected to consolidate in the coming years. Enbridge spent US\$3 billion last fall to buy an oil export facility in Texas as part of its focus on helping oil producers access global markets.

Political and public opposition to large new pipeline projects means existing infrastructure should become more valuable. Enbridge could decide to pursue new deals to drive growth. At the same time, rising demand for Canadian and U.S. oil and natural gas will boost throughput along Enbridge's existing network. The company already moves 25% of the oil produced in the two countries and 20% of the natural gas used in the United States.

Investors who buy the stock at the current price can pick up a 5.95% dividend yield. Management expects distributable cash flow to increase by 5-7% per year over the medium term. This should support steady dividend increases.

A \$10,000 investment in Enbridge stock 25 years ago would be worth more than \$300,000 today with the dividends reinvested.

The bottom line on top dividend stocks for a retirement portfolio

Bank of Nova Scotia and Enbridge pay growing dividends with attractive yields. The stocks have delivered strong total returns over the years and should be solid anchor picks today for a self-directed TFSA or RRSP.

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