



RRSP Wealth: 2 Top TSX Stocks to Own for Decades

Description

Canadian savers are using their self-directed RRSP to create pension funds that can complement CPP, OAS, and other sources of [retirement](#) income.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications company with a current [market capitalization](#) of \$67 billion. The business is split into three divisions: wireline, wireless, and media. The wireline group includes the broadband and TV services that the company delivers to homes and businesses across the country as well as the legacy wireline phone services.

BCE is investing in upgrades to the network by running fibre optic lines right to the buildings of its customers. The company expects to complete 900,000 more fibre connections in 2022. The wireline broadband and TV group generated 38% of total revenue in 2021. The wireline voice business contributed another 13%.

The wireless business has grown significantly since smartphones became essential communication devices. BCE continues to invest in its wireless network with the current focus on [5G](#). The company spent \$2 billion in 2021 on new 3,500 MHz spectrum that will be the foundation for the continued expansion of the 5G network. BCE's wireless group provided 38% of 2021 revenue.

BCE's media business includes the TV network, specialty channels, radio stations, and sports assets. The pandemic caused a drop in advertising revenue, but the group saw operating revenue rebound 10.4% in 2021, and that trend is expected to continue this year. The media division contributed 11% of total revenue in 2021.

BCE raised the dividend by 5% for 2022. It was the 14th consecutive annual distribution hike of 5% or better. The dividend currently provides a 5% dividend yield. Free cash flow growth is targeted at 2-10% for 2022. This should support another solid dividend increase for 2023.

A \$10,000 RRSP investment in BCE stock 25 years ago would be worth about \$275,000 today with the

dividends reinvested.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) generated more than \$16 billion in earnings in fiscal 2021 and is off to a strong start in 2022 with fiscal Q1 earnings of \$4.1 billion. The bank is the largest financial institution in Canada and one of the top 10 in the world with a current market capitalization of \$197 billion.

Royal Bank is using the excess cash it built up during the pandemic to buy back shares and make strategic acquisitions to drive growth. The bank recently announced a \$2.6 billion deal to boost its wealth management operations in the United Kingdom. More deals could be on the way.

Royal Bank raised its dividend by 11% in fiscal Q1 2022. The current payout provides investors with a 3.5% dividend yield. Another generous increase is likely for 2023.

Royal Bank stock is down to \$135 per share at the time of writing compared to the 2022 high near \$150. The stock trades at a reasonable 12 times trailing 12-month earnings, so RRSP investors with a buy-and-hold strategy might want to start nibbling and look to add to the position in the event of additional weakness.

Buying Royal Bank on pullbacks has historically proven to be a profitable move over the long run. A \$10,000 investment in Royal Bank 25 years ago would be worth more than \$250,000 today with the dividends reinvested.

The bottom line on top RRSP stocks

BCE and Royal Bank are [sector](#) leaders that have provided investors with rising dividends and attractive total returns over the past two decades. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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1. NYSE:BCE (BCE Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
4. TSX:RY (Royal Bank of Canada)

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