RRSP Investors: 2 Great Canadian Dividend Stocks to Build Retirement Wealth

Description

Canadian savers are searching for top TSX dividend stocks to put in their self-directed RRSP portfolios. The strategy of using dividends to buy new shares is a popular one for creating retirement wealth.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure sector. In fact, Enbridge owns and operates the largest oil pipeline network in the world. The company also has extensive natural gas assets that include transmission, storage, and distribution. In addition, Enbridge has a growing renewable energy group and is evaluating new projects for carbon capture and storage.

The Alberta government recently gave Enbridge the green light to pursue the development of a carbon dioxide sequestration hub near Edmonton. The project will initially help a power company and a cement producer reduce emissions. When completed, the facility will be scalable to connect other carbon emitters in the region.

Enbridge is benefitting from the rebound in oil and natural gas demand, as energy companies book more pipeline space to get their product to domestic and international buyers. As oil and gas production begins to increase to meet rising demand, Enbridge should deliver steady results in the coming years.

Enbridge has raised the dividend in each the past 27 years. The board hiked the payout by 3% for 2022. Enbridge expects distributable cash flow to grow by 5-7% per year through 2024, so ongoing payout increases should be on the way.

Adjusted earnings rose to $5.6 billion in 2021 from $4.9 billion the previous year. Adjusted EBITDA was $14 billion compared to $13.3 billion. Management expects adjusted EBITDA to be $15-$15.6 billion in 2022, so things are moving in a positive direction.

Enbridge currently provides a 6% dividend yield. Long-term RRSP investors have received good total returns on the stock. A $10,000 investment in Enbridge 25 years ago would be worth about $285,000 today with the dividends reinvested.

TD Bank

TD (TSX:TD)(NYSE:TD) trades near $93.50 per share at the time of writing compared to the 2022 high around $109. At the current price, investors can pick up a 3.8% dividend yield and simply sit back and wait for more dividend increases to come in the coming years.

TD raised the payout by 13% for fiscal 2022. Another generous hike is likely on the way for fiscal 2023. TD is one of the top dividend-growth stocks in the **TSX Index** over the past two decades.

The bank finished fiscal Q1 2022 with a CET1 capital ratio of more than 15%. This means TD is sitting on substantial excess cash it set aside over the past two years to ride out the pandemic. Now that the worst threats are in the rearview mirror, the bank is using the funds to make a US$13.4 billion acquisition in the United States to drive future growth. The purchase of First Horizon will add more than 400 branches and make TD a top-six retail bank in the United States.

Loyal TD shareholders have done well holding this stock in their RRSP portfolios. A $10,000 investment in TD shares 25 years ago would be worth more than $200,000 today with the dividends reinvested.

The bottom line on top stocks for RRSP investors

Enbridge and TD are leaders in their sectors. The companies have great track records of dividend growth and have delivered strong total returns for decades. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
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Date
2025/09/08
Date Created
2022/05/03
Author
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