2 RRSP Stocks to Hold for Decades

Description

There are advantages to holding both dividend and linear growth stocks long term in your portfolio. And these advantages multiply when you pick stocks that might offer you the best of both worlds — i.e., powerful growth potential mixed with a decent yield and dividends that are unlikely to be slashed or suspended anytime soon.

Such stocks are ideal for most investors that invest primarily for their retirement and seek to avoid active portfolio management. These investors can buy such stocks in their RRSPs and keep them there for decades, getting the best out of the "time" factor.

A banking stock

Most Canadian banking stocks are outstanding dividend stocks that bring along a decent bit of capital-appreciation potential. If you are looking for a bank that leans more heavily towards capital-appreciation potential, **National Bank of Canada** (TSX:NA) would be fantastic.

The smallest of the Big Six has been the best growth stock in the banking sector, at least in the last 10 years, and that includes the current correction phase the stock is going through.

Even though the two biggest banks, **Royal Bank** and **Toronto-Dominion**, are right at its heels, National Bank seems like a better choice, because in the three years preceding the 2020 crash, the two giants experienced stock stagnation, but National Bank didn't.

And since it's currently trading at a nearly 15% discount, the yield is also up. It's 3.8% now, and if the stock falls further, the yield might get up to the juicy number of 4%. The value is quite attractive, so if you buy the dip and hold on for two decades, you may not just experience a 2.5 times growth (based on the past-decade estimate) but also benefit from its dividends that will most likely keep increasing year after year.

An alternative financial company

goeasy (TSX:GSY) is an alternative financial institution — it offers personal and home loans to individuals that can't go to the big banks like National Bank due to low credit scores or other financial/profile deficiencies. goeasy fills that gap and has grown almost as large as a bank, thanks to a potent market. It has 400 locations across the country, which is more than most banks and credit unions out of the Big Six.

The stock was going through an excellent decade-long bullish phase with almost no significant dips until the pandemic. The 2020 crash and subsequent recovery expedited the growth pace at a rate that was far from sustainable, and the stock is already in correction as a result, which is quite beneficial for investors.

The stock is currently trading at a 47% discount from its all-time high peak. This brings it quite near the level it would have been if the pandemic hadn't disrupted the routine growth. The 3.16% yield is also higher than it has been in years.

Foolish takeaway

Retirement planning in Canada requires more than just picking the right stock. It also requires choosing the right tax-deferred account, and the RRSP is the premium choice for retirement funds that you only wish to grow at a reliable pace and won't need to access till you are retired.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:NA (National Bank of Canada)

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