



## RRSP Investors: 2 Cheap TSX Dividend Stocks to Buy Now and Hold for Decades

### Description

Retirement investors are searching for reliable dividend stocks to help them build self-directed RRSP portfolios. One popular RRSP [investing strategy](#) involves using distributions to buy new shares to take advantage of the power of compounding.

### TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) reported solid fiscal Q1 2022 results, and the Q2 numbers should also be good when they come out on May 26.

Canada's second-largest bank by market capitalization made it through the pandemic in good shape and finds itself with a war chest of cash to deploy. The bank is using a good chunk of the funds to make a strategic acquisition in the United States. TD is buying First Horizon in a move that will make TD a top-six retail bank in the U.S. market. The addition of First Horizon's +400 branches in the U.S. southeast expands TD's network of branches that currently runs from Maine down the coast to Florida.

The extensive American business gives RRSP investors good access to American economic growth through a top Canadian bank.

TD raised its dividend by 13% late last year. Investors could see another distribution increase when the Q2 results are announced. At the very least, a big hike is likely on the way for fiscal 2023. TD has a great track record of dividend growth with a compound annual increase of better than 10% over the past 20 years.

The stock appears [undervalued](#) after the pullback that occurred in recent weeks. TD currently trades near \$91.50 per share compared to a 2022 high around \$109. Investors who buy now can pick up a 3.9% yield and wait for the next increase to boost their returns.

Long-term RRSP investors have done well with TD stock. A \$5,000 investment in the shares 25 years

ago would be worth about \$100,000 today with the dividends reinvested.

## Algonquin Power

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$18.50 at the time of writing. The stock is up from the recent lows but is still down from the 2022 high around \$20 per share.

Like TD, Algonquin Power is in the process of making an acquisition in the United States. The company is buying Kentucky Power for about US\$2.85 billion in a deal that will add more than US\$2 billion in regulated electricity generation, distribution, and transmission rate base assets and increase the regulated rate base of the overall company by 32% to US\$9 billion.

The customer base will grow by 19% to more than 1.4 million and the electric distribution and transmission infrastructure will increase by 37%.

Algonquin Power saw its share price fall last year amid a broader selloff in renewable energy stocks. The company has solar and wind assets that don't provide regulated revenue streams, but the addition of Kentucky Power should make investors view Algonquin Power more as a regulated utility play rather than a renewable energy stock.

The board just raised the dividend by 6%. Investors who buy at the current price can pick up a solid 5% yield and wait for the market to see the long-term value in the business.

## The bottom line on top stocks for RRSP investors

TD and Algonquin Power look cheap to buy right now for investors who want to own top dividend stocks inside their RRSPs. If you have some cash to put to work, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:TD (The Toronto-Dominion Bank)

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