RRSP Investors: 2 Great TSX Dividend Stocks to Buy Now and Own for 30 Years

Description

Canadian savers are searching for ways to build substantial self-directed RRSP portfolios as part of their overall retirement-planning process. Market volatility is expected to continue in the near term, but the TSX offers some compelling buys right now for patient investors.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) paid its first dividend more than 190 years ago, and investors have received annual payments since that time. This is important to consider when investors are searching for quality stocks to add to buy-and-hold retirement portfolios.

The top Canadian banks have survived every major economic crisis that has occurred in the past 150 years. Bank of Montreal is often bypassed by investors in favour of its larger peers, but the bank should be a leading candidate for a self-directed RRSP fund.

Bank of Montreal increased the dividend by 25% late last year and then raised the payout by another 4.5% when it reported fiscal Q2 2022 results. Looking ahead, Bank of Montreal is going to get a lot bigger with its US$16.3 billion takeover of **Bank of the West** in the United States. The deal will significantly boost the size of the existing BMO Harris Bank operations by adding more than 500 branches and a major presence in California.

Bank of Montreal stock trades near $131 per share at the time of writing compared to the 2022 high around $154.50. Investors who buy at the current price can pick up a decent 4.25% yield and wait for the next dividend increase.

BMO stock could fall further in the near term, as the market tries to figure out how rising interest rates will impact the banks, but the share price is starting to look undervalued.

Telus

Telus (TSX:T)(NYSE:TU) is a major player in the Canadian communications industry. The leading players in the sector control most of the market and generate the revenue and cash flow needed to make required investments in wireline and wireless infrastructure while returning cash to shareholders through generous dividends.

Telus spent $1.9 billion in 2021 on new 3,500 MHz spectrum that will be the foundation for the expansion of its 5G network. The next generation of mobile services offers an array of new revenue opportunities for Telus.

At the same time, Telus is completing its copper-to-fibre transition that runs fibre optic cables that enable high-speed broadband delivery for home and business customers who need the capacity for work and entertainment.

Telus also has interesting subsidiaries that could be major drivers of future revenue growth. Telus Health saw demand for its services jump over the past two years and growth in the digital health segment is expected to continue. Telus Agriculture is also expanding its digital services that help farmers make their operations more efficient and ideally more profitable.

Telus has a great track record of dividend growth. Management intends to raise the payout by 7-10% per year through at least 2025. That’s solid guidance in the current economic environment.

At the time of writing, the stock provides a 4.5% dividend yield.

The bottom line on top stocks for RRSP investors

Bank of Montreal and Telus are top dividend stocks that have provided buy-and-hold RRSP investors with strong total returns for decades. If you have some cash to put to work in a self-directed retirement fund, these stocks deserve to be on your radar.

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aswalker