RRSP Pension: 2 Cheap TSX Dividend Stocks to Buy Now

Description

The 2022 market correction is finally giving self-directed RRSP investors a chance to buy top TSX dividend stocks at undervalued prices for their pension portfolios. Acquiring quality dividend payers on a dip increases the yield and helps drive long-term total returns.

BCE

BCE (TSX:BCE)(NYSE:BCE) is the largest player in the Canadian communications industry. A handful of businesses control most of the market, providing BCE and its peers with strong pricing power and the ability to make the investments needed to ensure households and businesses have access to high-speed broadband for work and entertainment.

Consumers complain about the high service fees, but Canada is a large country with a relatively small population, so significant investment is required to bring the leading-edge internet, TV, and mobile services to customers.

BCE spent $2 billion last year on new 3,500 MHz spectrum that supports the expansion of the 5G network. The company is also making progress on its fibre-to-the-premises program that will connect another 900,000 buildings with fibre optic lines in 2022. These initiatives help protect BCE's competitive position and should drive revenue growth in the coming years.

BCE expects free cash flow to grow by 2-10% in 2022. This should support a divided increase in the 5% range for 2023. BCE has increased the payout by at least 5% in each of the past 14 years.

The stock is down to $63 per share from the 2022 high of $74. The pullback appears overdone, and investors can now pick up a solid 5.8% dividend yield.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) has more than $100 billion in energy infrastructure assets located across Canada, the United States, and Mexico. Getting large pipeline projects approved and built is extremely difficult these days, while demand for oil and natural gas continues to rise. This means existing infrastructure should become more valuable in the coming years.

TC Energy operates 93,000 km of natural gas pipelines that connect producers to utilities and other customers. Domestic natural gas use remains strong and international demand for North American natural gas is growing rapidly. Europe is turning to the United States to supply liquified natural gas (LNG) to replace Russian supplies. Asian countries are looking for reliable LNG from Canada and the United States, as they shift from burning oil and coal to using natural gas to produce electricity.

TC Energy also has oil pipelines, vast natural gas storage, and power-generation facilities to round out the revenue stream. Looking ahead, TC Energy is evaluating opportunities for hydrogen hubs and carbon-capture hubs, as companies strive to meet aggressive net-zero targets as part of their ESG goals.

TC Energy trades for less than $67 per share at the time of writing compared to $74 in early June. The drop in the share price has occurred alongside a broad-based pullback in the energy sector, but the dip is overdone. TC Energy doesn't produce oil and natural gas, it simply transports the commodities and charges a fee for providing the service.

The stock appears undervalued today and offers a 5.4% dividend yield.

The bottom line on cheap dividend stocks to buy now

BCE and TC Energy are industry leaders with growing dividends and high yields. If you have some cash to put to work in a self-directed RRSP, these stocks should be solid buy-and-hold picks right now.

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1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
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aswalker