



## RRSP Pension: 2 Great TSX Dividend Stocks to Own for Decades

### Description

The [market pullback](#) is giving RRSP investors a chance to buy top TSX dividend stocks at [undervalued](#) prices.

### TD Bank

**TD** ([TSX:TD](#)) ([NYSE:TD](#)) trades for \$82 per share at the time of writing compared to \$109 earlier this year. The significant pullback gives RRSP investors a chance to buy TD at an attractive multiple and collect a solid 4.3% dividend yield while waiting for distribution growth and the eventual rebound in the stock to deliver strong total returns.

The market is concerned that TD and its peers will take a big hit in the coming 12-24 months due to an anticipated recession. High inflation is certainly putting a dent in household savings and soaring interest rates will make life much more difficult for people with big mortgages when they have to renew the loans at higher rates. A deep recession and meltdown in the housing market would certainly be bad news for TD and its investors, but the likely scenario is a mild economic slowdown and a controlled unwinding of the overvalued property market.

This doesn't mean that the banks are in the clear, but the selloff in TD's stock price is probably overdone. TD has the capital strength to ride out a downturn and the company is positioning itself for growth by making a large U.S. acquisition. The purchase of **First Horizon** for US\$13.4 billion will increase the American business by more than 400 branches and make TD a top-six U.S. bank. The move will provide more diversification to the revenue stream, offsetting some of the Canada-specific risks.

TD raised the dividend by 13% late last year. Investors should see another generous increase for 2023. TD has been one of the top dividend-growth stocks in the [TSX](#) over the past two decades.

Long-term RRSP investors have done well buying TD stock on big dips. A \$10,000 investment in TD shares 25 years ago would be worth about \$175,000 today with the dividends reinvested.

## Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#)) ([NYSE:CNQ](#)) trades for \$64 at the time of writing compared to the 2022 high of \$88. The stock currently provides a 4.7% dividend yield and investors should see steady and substantial dividend growth in the next few years. CNRL raised the dividend in each of the past 22 years and hiked the payout by 28% for 2022.

The stock is down in recent weeks due to the pullback in the price of WTI oil from more than US\$120 per barrel to the current price just below US\$100. At the current oil price CNRL still generates very strong margins and the share price looks cheap right now even at US\$80 per barrel of oil.

CNRL is best known for its oil production assets, but the company is also a major producer of natural gas. This segment holds strong long-term opportunity for CNRL due to the company's vast undeveloped land base in key natural gas basins and the growing global demand for Canadian energy.

Tight supplies and rising demand are expected to keep the oil and natural gas markets elevated for the next few years. Investors who buy CNQ stock today get paid well to ride out any additional volatility and should see strong total returns over time.

A \$10,000 investment in CNQ stock 25 years ago would be worth about \$235,000 today with the dividends reinvested.

## The bottom line on these top RRSP stocks for total returns

TD and CNRL look cheap today and pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:TD (The Toronto-Dominion Bank)

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**Author**

aswalker

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