Got $5,000? 3 Stocks to Hold for the Next 20 Years

Description

Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors can take advantage of the market correction to buy top TSX dividend stocks at cheap prices for portfolios targeting passive income and total returns.

BCE

BCE (TSX:BCE)(NYSE:BCE) trades for less than $62 right now compared to $74 earlier this year. Investors who buy the stock at the current price can pick up a solid 6% dividend yield. The selloff in the share price looks overdone considering BCE's continued strong results in the current economic climate. BCE generated a 5.3% gain in adjusted net income in the second quarter (Q2) 2022 compared to the same period last year. The company's free cash flow grew by 7.1%. This is important for investors who buy the stock for the generous and growing dividends.

BCE raised the distribution by at least 5% in each of the past 14 years. Based on financial guidance of 2-10% free cash flow growth for 2022, investors should see another dividend increase in the 5% range for 2023.

BCE is a good defensive stock to buy for both a TFSA and RRSP portfolio.

Royal Bank

Royal Bank (TSX:RY)(NYSE:RY) trades for $127 per share at the time of writing. The stock was as high as $149.60 at one point this year. The meltdown in the prices of the Canadian bank stocks over the past few months is due to rising recession fears. In a worst-case scenario, the Bank of Canada's rate hikes that are designed to cool off the economy and drive down inflation will trigger an economic collapse and push up unemployment. This would put pressure on bank revenues and could lead to a wave of loan and mortgage defaults.

For the moment, Royal Bank's own analysts predict a short and mild recession next year. That's consistent with the general consensus among economists. Royal Bank has a strong capital position it built up during the pandemic, so the bank is in a good position to ride out some tough times. Fiscal 2022 earnings are on track to top the $161 billion Royal Bank earned in 2021. The board increased the dividend by 11% near the end of 2021 and raised the distribution by another 7% when the bank announced the Q2 2022 results. This would suggest that senior managers are comfortable with the near-term revenue and profits outlook.

Investors who buy Royal Bank stock at the current level can get a 4% dividend yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure sector. The company's assets are strategically important for the smooth operation of the Canadian and U.S. economies. Enbridge's extensive pipeline networks moves 30% of the oil produced in the two countries and 20% of the natural gas used in the United States. It is extremely difficult to get new major pipeline projects approved and built these days. This means the existing infrastructure should increase in value.

Enbridge has a $13 billion capital program underway and is making acquisitions to further drive revenue growth. The company spent US$3 billion on an oil export platform last year and has agreed to purchase a 30% stake in the planned $5.1 billion Woodfibre liquified natural gas (LNG) facility being built in British Columbia.

Investors who buy ENB stock at the current price near $54.50 can pick up a 6.3% dividend yield.

The bottom line on top stocks to own for 20 years

BCE, Royal Bank, and Enbridge pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed TFSA or RRSP, these stocks look cheap and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:RY (Royal Bank of Canada)

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