RRSP Investors: 2 Hot Stocks That Could Continue to Rise in 2023

Description

The Registered Retirement Savings Plan (RRSP) is a longstanding savings account used by Canadians to build retirement wealth. Since your contributions to the account are tax-deductible, maxing out contributions to your RRSP can lower your taxable income.

With yet another tax season on the way, many Canadian RRSP holders might want to lower their tax payables by buying and holding assets in their registered savings accounts.

The deadline for 2022 contributions to the RRSP is set for March 1, 2023. Any contributions you make to the account after this date will not qualify for tax deductions for the 2022 tax year. Be sure you check whether you have any available contribution room right now. The RRSP contribution limit is 18% of earned income or $29,210, whichever is lower.

If you have available contribution room, I will discuss two hot stocks you can add to your RRSP to inject tax-deferred wealth growth into your self-directed portfolio.

Waste Connections

An integrated solid waste services company might not seem like a hot stock, but **Waste Connections Inc.** (TSX:WCN) can be a good addition to your RRSP.

The $45.2 billion market capitalization company offers collection, transfer, and disposal of non-hazardous waste, serving over eight million customers throughout Canada and in over 40 states in the US. Its operations south of the border also include oilfield waste treatment, recovery, and disposal services across several basins there.

As of this writing, Waste Connections stock trades for $175.74 per share, representing over 500% in capital gains over the last 10 years. Its adjusted earnings are predicted to grow by 13.5% annually for the next five years, and its share price by 18% in the next 12 months.

While it only offers a meager 0.77% dividend yield, the stock's capital gain potential can make it an excellent short- and long-term asset to own.

Hydro One

Hydro One Ltd. (TSX:H) is one of the largest electrical utility companies in North America. With a virtual monopoly in Ontario, the utility giant generates stable cash flows across all business cycles. With stable revenues coming in, the stock can pay its shareholders their dividend payouts reliably and comfortably. As of this writing, Hydro One stock trades for $36.12 per share, boasting a 3.10% dividend yield.

Since the utility does not generate power and only owns and operates transmission and distribution assets, it has predictable and regulated cash flows. Due to these factors, it is can be an excellent defensive asset to own. With a solid capital investment program and consistent rate base growth, H stock can deliver exceptional returns to shareholders.

Foolish takeaway

Even when you are years from it, contributing to an RRSP is an excellent way to build wealth for retirement. When adding assets to your account, it is important to think long-term. Even the safest **TSX** stocks are prone to the effects of market volatility. However, remaining invested in high-quality assets can help you overcome short-term losses during market downturns with sizeable long-term returns.

To this end, Hydro One stock and Waste Connections stock can offer excellent returns in the short and long term. While not without risks, these two stocks can be good additions to an RRSP at current levels.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)
2. TSX:WCN (Waste Connections)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. adamothman
2. cleona

Category

1. Dividend Stocks
2. Investing

Date
2025/06/27
Date Created
2023/02/07
Author
adamothman