



## RRSP Deadline Is March 1: 2 Best Dividend Stocks to Buy Now

### Description

The Registered Retirement Savings Plan (RRSP) deadline for the 2022 tax year is fast approaching on March 1, 2023. Making RRSP contributions until then will deduct your taxable income, thereby reducing your income tax for 2022.

The [RRSP](#) is primarily for investing for your retirement. In other words, that's a super-long investment horizon that could stretch decades. In fact, even when you turn your RRSP into an [Registered Retirement Income Fund](#), and you're forced to make minimum withdrawals every year, the funds that are left can still grow tax deferred.

Because of the long investment horizon and ultimate minimum withdrawals, it makes good sense to hold solid dividend stocks that provide income. Here are couple of the best dividend stocks to buy now to help build a [diversified RRSP portfolio](#).

### One best dividend stock for your RRSP

One of the best dividend stocks you can buy in your RRSP right now is **Brookfield Renewable Partners** ([TSX:BEP.UN](#)). As one of the largest pure-play renewable power platforms on Earth, it has decades to grow by participating in the energy transition to decarbonization. More specifically, management projects global opportunities requiring capital investments of more than US\$150 trillion over the next three decades.

The company is globally diversified across major technologies, including hydro, wind, solar, and distributed energy and sustainable solutions. They total generating capacity of approximately 23,600 megawatts. BEP has development projects in its pipeline across technologies to quadruple its generation!

While BEP's stock price may be unpredictable, for about 13 consecutive years, it has been predictably increasing its cash distribution, which delivers steady returns to unitholders. For reference, its 10-year dividend-growth rate is 5.7%.

It generates stable cash flow from long-term power-purchase agreements (PPA) averaging 14 years. Funds-from-operations per unit (FFOPU) growth of 8% is driven by a combination of inflation escalation, margin enhancement, and development pipeline. Mergers and acquisitions can further boost FFOPU growth to 10% or greater. Altogether, BEP estimates generating 12-15% total returns for long-term investors.

At about \$37 per unit at writing, it yields 4.9% and is undervalued by 29%, according to the analyst consensus 12-month price target.

## A U.S. dividend stock to hold for steady growth

Also consider U.S. dividend stocks that pay decent yields in your RRSP, where there's no foreign withholding tax for U.S. dividends. For example, conservative investors may hold **The Coca-Cola Company** ([NYSE:KO](#)) in their RRSP portfolio. It's the most valuable non-alcoholic beverage company in the world! Other than Coca-Cola, its brands include Diet Coke, Dr Pepper, Sprite, Fanta, Dasani, Oasis, Smartwater, etc.

At US\$59.72 per share at writing, the consumer staples stock yields 2.9%. This is a decent yield for a defensive dividend stock that can act as one of many core holdings that help stabilize investor portfolios through economic cycles, especially when there are few choices for consumer staples stocks on the TSX. Analysts estimate the low-risk stock is undervalued by about 13%. For reference, Coca-Cola stock's 10-year dividend-growth rate is 5.6%.

## More food for thought

Other than for retirement, your RRSP funds may also be used for the home buyers' plan or the life-long learning plan. If these are your short-term goals for your RRSP, your investment horizon would be shorter, and you might want to capitalize on profits when your RRSP holdings trade at fair value. When considering the best [dividend stocks](#) to buy for your RRSP, remember to account for [valuation](#), dividend safety, and growth prospects.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:KO (The Coca-Cola Company)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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