RRSP Investors: 3 Dividend Stocks You Can Hold for Decades

Description

Investors who missed the January rally can still find top TSX dividend stocks to buy at undervalued prices to add to their Registered Retirement Savings Plan (RRSP) portfolios.

BCE

BCE (TSX:BCE) is Canada's largest communications company with a current market capitalization near $56 billion. The stock has a long history of paying growing dividends, and this trend is expected to continue.

BCE recently reported solid full-year 2022 results. Operating revenue increased 3.1%, and adjusted net earnings rose 5.6%. On a per-share basis, adjusted net earnings increased 5% and free cash flow rose 2.9% to more than $3 billion.

BCE said higher interest rates will put pressure on earnings in 2023, but the board still increased the dividend by 5.2% to $3.87 per share. This is the 15th consecutive annual dividend hike of at least 5%.

BCE stock traded as high as $74 per share last year. At the time of writing, the stock is close to $61.

The pullback appears overdone, given the essential nature of the core revenue stream and the strong balance sheet. Investors who buy BCE stock at the current price can get an annualized yield of about 6.3%.

TD Bank

TD (TSX:TD) trades for close to $93 per share at the time of writing. This is above the 2022 low around $78 but still way down from the $109 the stock fetched in early 2022.

TD built up a large reserve of excess cash during the pandemic and decided to spend the funds on two strategic acquisitions in the United States. TD is investing US$13.4 billion to buy **First Horizon** in a move that will add more than 400 branches to the existing American operations and will make TD a top-six bank in the country. TD is also strengthening its capital markets business with the US$1.3 billion purchase of **Cowen**, an investment bank.

TD still looks attractive at the current multiple of 9.8 times trailing 12-month earnings. Management expects fiscal 2023 adjusted earnings to be 7-10% above last year's results, even with the current economic headwinds.

Annual dividend growth has averaged more than 10% over the past 25 years. Investors can get a 4% yield from TD stock today.

Enbridge

Enbridge (TSX:ENB) is a major player in the North American energy infrastructure industry with oil pipelines, natural gas pipelines, natural gas utilities, oil export facilities, and renewable energy assets.

The company moves 30% of the oil produced in Canada and the United States and about a fifth of the natural gas used by American homes and businesses. Enbridge is shifting its growth strategy to capitalize on growing export opportunities and the expansion of renewable energy. The company purchased an oil export terminal in Texas in 2021 and recently acquired a 30% stake in a liquified natural gas (LNG) export facility being built in British Columbia.

Demand for North American oil and natural gas is expected to rise in the coming years, so Enbridge should see steady demand for its services.

The stock trades near $53.50 per share at the time of writing. That's down from more than $59 last June. Enbridge is expected to report solid full-year 2022 results on February 10. The board already increased the dividend by 3.2% for 2023. Investors can now pick up a 6.6% dividend yield.

The bottom line on top dividend stocks for RRSP investors

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

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