3 Stocks for Young Professionals With $20,000 to Invest

Description

In the past, most people worked for a single company their entire career and retired knowing they would receive a comfortable company pension.

Today, contract work is more common and the juicy corporate pension plans are slowly fading away.

Young people are now required to take a greater level of responsibility for their retirement planning and a variety of options are available to them.

Mutual Funds

Investing in mutual funds has been a popular choice for many years, but the fees charged by fund managers often cause the funds to underperform the market. Most people own mutual funds through their bank or investment advisor.

ETFs

An Exchange-Traded Fund (ETF) is one way that people can invest in a basket of stocks without picking the shares individually. This option is generally recommended for people who have little time to spend on their investments or have small amounts of money to invest. ETFs have much lower fees than mutual funds and are more liquid as they are bought and sold like stocks.

Stocks

The availability of online self-directed investing accounts now provides new investors with the option to buy shares directly and pay a very reasonable fee for the service. This gives a young investor the opportunity to customize a portfolio that meets his or her specific investing objectives.

For young professionals who are new investors looking to buy solid stocks to start their portfolio, these three companies deliver long-term income and growth.

BCE ([TSX: BCE](#))([NYSE: BCE](#))

Bell is Canada's largest telecommunications company and holds the top position in voice, data, high-speed Internet and direct-to-home TV. It is number two in wireless.

These days, Bell is much more than a telephone company. It is a full-blown media giant. Bell Media owns the CTV television network, 30 specialty channels including TSN and Discovery, more than 30 radio stations and is co-owner of Maple Leaf Sports and Entertainment with **Rogers Communications** ([TSX: RCI.B](#))([NYSE: RCI](#)). Bell Media also owns dozens of sports and entertainment websites.

Profits continue to increase at the company. BCE's Q1 2014 net earnings were up 8.7% compared to 2013. Bell has increased its dividend 10 times since 2008. The current annual dividend of $2.47 per

share provides a fantastic 5% yield.

TD Bank ([TSX: TD](#))([NYSE: TD](#))

TD has a dominant position in Canada and is now one of the 10 largest banks in the U.S. The company had $896 billion in assets as of April 30, 2013, and is one of the world's leading online financial companies with 8 million mobile and online customers.

All of Canada's big banks are great investments but TD's strong position in the U.S. market means it will continue to benefit from the rebound in the U.S. economy.

TD reported Q2 2014 adjusted net income of $2.07 billion, a 14% increase from the same period in 2013.

TD pays an annual dividend of $1.88 per share yielding about 3.4%. TD has had an average annual dividend growth rate of 11% over the past 20 years. During the same time the stock is up more than 900%.

Canadian National Railway ([TSX: CNR](#))([NYSE: CNI](#))

CN is probably the best-run railway company in North America. Its rail network provides access to 75% of the U.S. population and all major Canadian markets.

The company just reported Q2 2014 net income of $847 million, up 18% from the same period in 2013. The increasing demand from oil companies looking to ship crude by rail has boosted CN's already robust business operations.

CN's stock is up a staggering 1500% since 1996. The company also pays an annual dividend of $1 per share.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
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4. TSX:CNR (Canadian National Railway Company)
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