3 Top TFSA Stocks for Millennials

Description

In 2009, the Canadian government created a new savings vehicle called the tax-free savings account (TFSA). Any investor who was at least 18 years old at the time has since built up $36,500 in contribution room.

The program is designed to provide a tax-free way for Canadians to earn interest, dividends, or capital gains on the contributed funds.

Many young investors are at the point in their careers where they have some extra cash to invest. Here are the reasons why I think **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI), **Telus Corporation** (TSX:T)(NYSE:TU), and **TransCanada Corporation** (TSX:TRP)(NYSE:TRP) are great picks for your TFSA.

Canadian National Railway

When it comes to finding a business with a rock-solid competitive advantage, Canadian National Railway is about as good as it gets. The company is the only railway in North America that can offer service to three coasts.

This is especially important for intermodal transportation, which is the movement of containers from ports to their final destinations. Canadian National continues to invest in intermodal hubs along its network and customers are increasingly choosing the railway over long-haul truckers.

Canadian National is also a major transporter of grain, automobiles, wood products, and crude oil.

Farmers are complaining that there aren't enough rail cars available to move their crops. The North American auto industry is firing on all cylinders again. Lumber companies are shipping construction material to a recovering U.S. housing market, and crude-by-rail deliveries continue to grow despite the current rout in the oil market.

Canadian National Railway raises its dividend every year and has a very aggressive share-buyback program. Young investors can truly buy this stock and forget about it for decades.

Telus Corporation

Telus is Canada's fastest growing communications company and operates in an industry that has few competitors. By focusing on an unwavering commitment to customer service, Telus continues to add new wireline and wireless customers at a very impressive rate.

The company's wireless division has the highest blended average revenue per unit (ARPU) in the industry and also enjoys the lowest churn rate. Wirelss customers spent an average of $64.51 per month in the third quarter of 2014.

Telus has a fantastic track record of increasing the dividend by at least 10% per year. The company currently pays $1.60 per share that yields about 3.6%. The stock price has increased more than 160% in the past five years.

TransCanada Corporation

TransCanada offers investors a great way to benefit from the endless demand for natural gas, oil, and electricity in North America and abroad. As oil production hits record levels, companies are looking for help to move crude from the production site to refineries and overseas markets. To do this, they are turning to TransCanada.

TransCanada has a total of $46 billion in projects under development. The great thing for investors is that these projects are commercially secured through long-term commitments with some of Canada's biggest energy companies.

The current rout in the oil market is certainly going to cause some smaller oil producers to disappear, but their assets will simply transfer to new owners.

TransCanada pays a dividend of $1.92 per share that yields about 3.5%. Investors should see the distribution continue to grow as cash flow increases with each new project that comes on line.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:T (TELUS)
6. TSX:TRP (TC Energy Corporation)

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