Young Investors: Here's an Instant 3-Stock Retirement Portfolio

Description

With all the news in the media about increasing bankruptcy filings among retirees, young investors are looking down the road and wondering how they can avoid the same fate.

Fortunately, Canadians in their 20s and 30s have time on their side, and that makes all the difference when investing for retirement.

By using tax-free savings accounts and investing in quality dividend-growth stocks, young investors can save a significant amount of money over the next 30 years.

Here's why **BCE Inc.** (TSX:BCE)(NYSE:BCE), **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), and **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI) are solid choices to start your retirement portfolio.

BCE Inc.

BCE has transformed itself from a traditional telephone company into a media and communications giant.

Through a series of strategic acquisitions, BCE now generates revenue all along the value chain in the Canadian communications industry. The company now owns retail outlets, sports teams, radio stations, a television network, specialty channels, and websites.

Throw in the company's world class wireless and wireline infrastructure and you get a business that is well positioned to serve Canadian retail and business customers for decades.

The Canadian telecom industry has little competition by global standards, and while the government would like to change that situation, the likelihood of a major player entering the market is very low. The costs to come in and compete wouldn't justify the returns because the country is just too big and the market size is quite small.

This means BCE is set to dominate for years to come.

The $2.60 per share dividend translates into a nice 4.9% yield. BCE has a long history of dividend growth and that trend should continue.

Toronto-Dominion Bank

The Canadian banking sector is another industry that is dominated by a small number of competitors. This frustrates customers, but it is great news for investors.

TD regularly wins customer service accolades for its Canadian retail operations. The group is a finely tuned profit machine with every customer-facing employee dedicated to selling clients as many add-on products and services as possible. The model works well and will continue to produce solid returns for decades.

TD also has a very large U.S. operation that provides a significant chunk of the company's revenues. As the economy continues to strengthen south of the border, this division will become more important in the overall earnings mix.

TD pays a dividend of $2.04 per share that yields 3.8%. The company has been paying dividends for more than 150 years.

Canadian National Railway

When you look for a company that operates in an industry with high barriers to entry, Canadian National Railway is about as good as it gets. In fact, the odds of a major new railway line being built across Canada or the U.S. are pretty much nil.

This means North America's existing railway companies have a great thing going, and Canadian National Railway is in the best position of all because it is the only railway that can offer its customer access to three coasts.

Canadian National Railway is often cited as the top pick of the bunch and the company continues to deliver strong results. Investors recently received a nice 25% increase in the dividend, which currently yields about 1.7%. The low yield shouldn't deter investors because the total returns on the stock have been phenomenal.

As the Canadian and U.S. economies expand, Canadian National Railway will continue to grow with them. This is truly a stock you can buy and forget about for decades.

CATEGORY

1. Bank Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BCE (BCE Inc.)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:TD (The Toronto-Dominion Bank)

Category

1. Bank Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/21
Date Created
2015/07/02
Author
aswalker