



These 3 Dividend Studs Could Make You a TFSA Millionaire

Description

Many investors have one simple goal: they'd like to become millionaires by the time they retire.

This seems like an impossible goal for some, especially younger folks. It seems like \$500 per month will never turn into serious money.

I'm well aware of this feeling. When I was younger, it seemed like my net worth just couldn't grow fast enough. I'd shovel money onto the pile as fast as I could, and while it was growing, I knew I had a long way to go before I hit my financial goals.

But after years of saving, I began to realize something. Not only was I on track to reach my goals, I was actually on pace to exceed them. It was about this time that moves in the stock market started making a real impact to my net worth. It used to be saving that did the heavy lifting. Not anymore.

You can do this too. Becoming a millionaire is as easy as saving aggressively and investing smartly. An investment of \$40,000 today with \$5,500 added to it per year and growing at 8% annually turns into \$1 million after just 30 years. That is obtainable for a lot of people.

The only issue is getting 8% annually. That's certainly possible. In fact, it doesn't have to be hard at all. Just choose some of Canada's best dividend payers and hold them for a very long time. If history is any indication, these stocks will do much better than 8% annually.

Here are three such stocks to get you started.

National Bank of Canada

The so-called Big Five get all the attention, but I continue to like **National Bank of Canada** ([TSX:NA](#)) for a number of pretty simple reasons.

First, it's smaller. With a market cap of less than \$19 billion, it's easier for the company to make an acquisition and really have it impact the bottom line. Management is keen to acquire assets outside Canada. Instead of looking to the United States, like most of its peers, National Bank seems more

interested in buying a bank in Asia or South America.

Although the company's valuation has run up lately, it's still among Canada's cheapest banks on a price-to-earnings perspective. Analysts expect the company to earn \$5 per share in 2017, putting it at just 11 times forward earnings. It also pays a 4% dividend.

And over the last 20 years, shareholders have been quite happy. A \$10,000 investment in 1997 grew to \$186,499 today — a return of 15.74% including dividends.

RioCan

Canada's largest retail REIT is taking steps to become one of the national largest residential landlords as well.

RioCan Real Estate Investment Trust ([TSX:REI.UN](#)) currently owns some 300 different shopping centres across Canada, spanning 63 million square feet. It collects more than \$1.1 billion annually from a tenant base so diverse that the top renter pays less than 5% of total revenue.

Because RioCan has been around so long, it is sitting on many properties with redevelopment potential. The plan is to create multi-use buildings that have retail on the bottom and apartments on the top. When this project is complete, RioCan will own between 10,000 and 15,000 apartments.

Including reinvested dividends, a \$10,000 investment in RioCan made in 1997 would be worth \$279,541 today — a return of 18.11% annually. Even if the company just did half of that, I think most investors would be happy. RioCan currently pays a generous 5.2% yield.

Inter Pipeline

Inter Pipeline Ltd. (TSX:IPL) is one of Alberta's major pipeline operators with approximately 60% of earnings coming from three projects that move bitumen from the oil sands to refineries around Edmonton. It also has natural gas pipelines and storage assets in both Alberta and Europe.

Many investors are attracted to Inter Pipeline because of its dividend. Shares currently yield 5.5%, and the dividend has been upped each year since 2009.

Inter Pipeline has only been publicly traded since 2003. If investors had bought it when it completed its IPO, they'd be up 19.72% annually, turning \$10,000 into \$108,486 including reinvested dividends.

The bottom line

Getting rich doesn't have to be hard. All investors need to do is save aggressively and load up on some of Canada's top dividend stocks. We can help you make that happen. It really can be that simple.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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