



Young Savers: 4 Top Dividend Stocks for Your TFSAs

Description

If you're young and getting serious about investing, Canada's Tax-Free Saving Accounts (TFSAs) are your best bet.

As you get ready to spend some money for your needs, such as buying a home, saving for retirement, or pursuing higher education, you will need to make a choice among various saving vehicles. For young investors with a lower income bracket, I recommend TFSAs.

The biggest advantage of investing in TFSA is that you can withdraw money from this account without taking a tax hit. The annual contribution limit is currently \$5,500, but you're allowed to carry forward your unused contribution room.

Once you've decided which investment structure works best for you, the next important consideration is your investment horizon. The good thing for young investors is that time is on their side, and they can take more risks if they're saving for their retirement.

You don't need to worry about the market's daily cycles, because you're saving for your retirement 30-40 years down the road. Markets over time always go up. Since the Financial Crisis of 2008, for example, when equity markets worldwide tumbled, **S&P/TSX Composite Index** has more than doubled.

For young workers, another great benefit is that they can really take advantage of compounding effect, which is a great multiplier of your wealth if you continue to re-invest your dividends back into these untaxed accounts.

The good news is that if you use your TFSA account to invest in dividend-paying companies, you'll not only gain from dividend growth, but also from potential capital gains as the value of these stocks rise as years go by. Here are four stocks I recommend for young investors for their retirement portfolios:

Stock	Current Yield	Mark
-------	---------------	------

Royal Bank of Canada (TSX:RY)(NYSE:RY)	3.43%	\$138
BCE Inc. (TSX:BCE)(NYSE:BCE)	4.83%	\$52.1
Enbridge Inc. (TSX:ENB)(NYSE:ENB)	4.66%	\$85.8
RioCan Real Estate Investment Trust (TSX:REI.UN)	5.83%	\$7.9

Source: Yahoo! Finance

Let's say a few words about these businesses.

A great way to benefit from Canada's strong banking system is to invest in Royal Bank of Canada, the 15th largest bank globally and well diversified across businesses, geographies, and client segments.

Canadian banks are well protected with wide economic moats and a sound regulatory environment. Royal Bank of Canada's dividend is safe. Investors have continued to get dividend cheques even during the peak of 2008 Financial Crisis. I don't think you can go wrong to make this bank as part of your long-term income portfolio.

The same goes for BCE, a telecom giant which pays one of the highest dividends among mature Canadian companies. For young investors who have a limited risk tolerance and who want to keep beefing up their TFSAs regularly, BCE stock is a good buy-and-hold investment.

You can energize your portfolio by investing in Enbridge which operates the world's longest crude oil and liquids transportation system. Enbridge also runs Canada's largest natural gas distribution network. The company is unlikely to stop paying dividends as long as consumers need to heat their homes and turn on the lights.

And finally, RioCan Real Estate Investment Trust is for you if you've a little more risk tolerance. By investing in Canada's largest retail REIT, which manages quality assets and has a long history of rewarding investors with dividends, you can also take part in the country's real estate boom and become a landlord without going through the hassle of owning a property.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)

4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:REI.UN (RioCan Real Estate Investment Trust)
7. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

Date

2025/07/06

Date Created

2017/07/25

Author

hanwar

default watermark

default watermark