



## A Great Canadian Dividend-Growth Stock to Boost Your TFSA Retirement Fund

### Description

Planning for retirement isn't as easy today as it was in the past.

Why?

College and university graduates are facing a changing employment world where contract work is becoming more common. When a full-time job finally comes along, the generous pension benefits that used to be the gold standard are now less common.

As a result, many Canadians are forced to take charge of their own retirement planning.

One popular strategy involves holding [dividend-growth stocks](#) inside a TFSA. This is of particular interest for Canadians who might be in the early stages of their careers and prefer to save their RRSP room for a time when the tax benefit is greater.

When dividends are used to purchase new shares inside the TFSA, an investor can tap the power of compounding and potentially turn a modest initial investment into a respectable retirement fund over time.

Let's take a look at **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) to see why it might be an interesting pick.

### Economic significance

CN is literally the backbone of the Canadian and U.S. economies with rail routes touching three coasts.

The company carries everything from cars to coal and grains to consumer goods, supplying retailers and manufacturers with the products and materials they need to run their businesses.

CN regularly reports the top operating ratio in the industry and is widely viewed as the best-run company in the sector.

A significant portion of the revenue comes from the U.S., which provides a nice hedge against potential

economic troubles in Canada, and profits can get a nice boost when the U.S. dollar rises against the loonie.

CN generates significant [free cash flow](#) and has a strong track record of dividend growth. In fact, the stock has a compound annual dividend-growth rate of about 16% over the past 20 years.

A \$10,000 investment in CN just two decades ago would be worth more than \$200,000 today with the dividends reinvested.

### Should you buy?

As the Canadian and U.S. economies continue to expand, this company should benefit.

CN recently announced plans to boost hiring on growing demand for its services, so the outlook remains positive for investors.

There is no guarantee CN will deliver the same returns over the next 20 years, but the stock should continue to be a solid buy-and-hold pick for a TFSA retirement fund.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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### Date

2025/08/23

### Date Created

2017/11/25

### Author

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