



3 Dividend-Growth Stocks to Snowball Your TFSA

Description

The long-term effects of tax-free compounding are profound. Many young investors probably can't fathom just how powerful of a tool the TFSA is and how quickly it can help build their wealth over the decades; it's like a snowball rolling down a mountain. You don't need to be a professional trader to amass a [\\$1 million TFSA](#) either. As long as you're willing to focus on the long term, you'll become very rich over the course of decades by just sticking with stocks through the good times and bad.

When it comes to accumulating wealth in your TFSA, don't try to make a tonne of money overnight with speculative securities, as you'll be led down the wrong path, and you could risk racking up the losses without the ability to use them to offset potential capital gains if you hold securities in your non-registered accounts. When it comes to investing, slow and steady really does win the race, and as long as you've got patience and discipline, you'll see your TFSA swell over the course of decades to levels that you'd have never thought possible!

The three stocks in this article are solid dividend-growth stocks that I believe are the best bet for your long-term total returns. You'll receive substantial capital gains in the long haul, and in a few decades from now, the dividend payments will have grown to levels that will be able to support your future self as you enter retirement!

Without further ado, here are three hot stocks that you should buy and hold in your TFSA portfolio:

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#))

It should come as no surprise to Foolish investors to see CN Rail on this list, as the stock has consistently been one of the best long-term market beaters on the TSX.

Moreover, the company has consistently lined the pockets of its shareholders through very generous and consistent dividend raises, even through difficult economic conditions. CN Rail has a five-year dividend CAGR of 14%, and moving forward, as shipment volumes increase, the same magnitude of dividends can be expected.

The stock is currently down over 10% from all-time highs, and the dividend is just south of the 2% yield

mark. CEO Luc Jobin recently got ousted, further increasing near-term uncertainties and opening a very compelling entry point for TFSA investors looking to give their TFSAs a jolt.

Waste Connections Inc. ([TSX:WCN](#))([NYSE:WCN](#))

Waste Connections is a necessary business, albeit a smelly and boring one. The company really rakes in the capital, and investors who hang on are rewarded with capital gains and, most recently, dividend hikes. Although Waste Connections hasn't paid a dividend for most of its life, it certainly has the potential to become a future dividend aristocrat given the stability of the business and the ample [free cash flow](#) it generates.

For those worried about a recession, Waste Connections may serve as a "bomb shelter" stock, protecting investors from excessive losses when the broader markets head south. There will still be double-digit percentage losses; however, the losses will be of a lesser magnitude than your average stock in the downturn, and you can expect dividend hikes as times become tough. Trash will still need to be collected, even if economic hardships spike!

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))

Fortis is another [defensive dividend-growth king](#) that should be at the core of every TFSA. The stock is down over 11% from all-time highs, and right now investors have the opportunity to pick up a premium utility at a slight discount to its intrinsic value.

The company is committed to ~6% in annual dividend raises going forward, and this won't change if global markets decided to take a tumble. At these depressed levels, I believe Fortis offers a huge margin of safety, so TFSA investors looking to fortify their portfolios today should strongly consider initiating a position. The dividend yield currently hovers around 4% — about ~8% higher than it normally is.

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:WCN (Waste Connections)

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