New Investors: 3 Stocks to Start Your TFSA Retirement Portfolio Today

Description

Young Canadians are searching for ways to set aside some cash to fund a comfortable retirement.

One popular strategy involves owning dividend stocks inside a TFSA and using the distributions to buy new shares. This sets off a powerful compounding process that can turn a modest initial investment into a nice nest egg over time.

Let’s take a look at three top Canadian dividend stocks that might be attractive picks to get you started.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

TD is widely viewed as the safest pick among the big Canadian banks due to its heavy focus on retail banking. The company also has a large U.S. business that provides a nice hedge against potential trouble in the Canadian economy.

TD has delivered compound annual dividend growth of more than 10% over the past 20 years.

At the time of writing, the stock provides a yield of 3.5%.

BCE Inc. (TSX:BCE)(NYSE:BCE)

BCE is a giant in the Canadian communications sector with media and telecom assets that have the capacity to interact with most Canadians on a daily basis. In fact, any time a person in this country makes a call, sends a text, listens to the radio, streams a movie, watches the news, or reads e-mail messages, the odds are pretty good that BCE is involved in the process somewhere along the line.

The company continues to expand its reach, including last year’s purchase of Manitoba Telecom Service and the 2017 launch of Lucky Mobile. BCE also recently acquired home security company AlarmForce in a deal that gives the company a portfolio of new products and services to offer its massive existing residential customer base.

The new assets should provide a nice boost to revenue and help support the generous dividend.

BCE provides a yield of 5.4%.

Enbridge Inc. (TSX:ENB)(NYSE:ENB)

Enbridge bought Spectra Energy last year in a deal that created North America's largest energy infrastructure company. Spectra added important gas assets and provided a boost to the capital plan.

The business is currently working through $22 billion in near-term projects that should generate sufficient revenue and cash flow growth to support annual dividend increases of at least 10% through 2020. Enbridge raised the payout by 15% last year and increased it by 10% for 2018.

The stock has come under pressure in the past year amid investor concerns about rising interest rates and long-term growth opportunities, but the pullback in the share price might be overdone.

Enbridge currently provides a yield of 6.8%.

Is one more attractive?

All three companies should be solid buy-and-hold picks for a dividend-focused TFSA retirement fund. At this point, I would probably split a new investment across the three stocks.

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2. Investing
3. Stocks for Beginners

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