

## A Forever Dividend Stock That's Ideal for TFSA Investors

### Description

As you slowly build your retirement portfolio through your [Tax-Free Savings Account](#) (TFSA), adding “forever stocks” is something you should seriously consider.

What are forever stocks? In a nutshell, these are the companies that pay dividends no matter what's happening with the general economy. Their payouts survive peaks and troughs, wars, depressions, and asset bubbles.

Their products and services are so crucial to our lives that we can't imagine a normal life without buying them. This quality has turned these companies into cash machines that never stop.

Once you buy these dividend stocks, you can own them for the rest of your life. You know through their histories that these businesses have rewarded investors for generations, and they have the power to continue to do so.

**Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is one such company that perfectly fits into this family of forever stocks. Let's find out why it might be a good pick for your TFSA.

### Business strength

CN is the second-largest publicly traded North American railway with a market capitalization of approximately \$80 billion. It's the only transcontinental railway in North America, with a 19,600-mile network spanning Canada and Mid-America, connecting three coasts: the Atlantic, the Pacific, and the Gulf of Mexico.

Most of the products we consume here in Canada have likely traveled through the CN network before we bought them from grocery stores. This strong position has allowed the company to pay uninterrupted dividends since going public in the late 1990s.

CN Rail has a robust investment plan to continue with its growth and meet the growing demand for its services. In 2018, for example, CN plans to buy 350 lumber cars, 350 box cars, and 60 new locomotives as part of its record \$3.4 billion capital plan for the year.

For long-term investors, CN has been a great investment, which continues to provide steadily growing dividends. Since 2011, CN's dividend has seen a 17% compound annual growth rate. Following a 10% hike this year, the company now pays \$0.46 a share quarterly dividend.

This strong growth in payouts and its dominant position in the North American economy make CN a great stock for TFSA investors. A \$10,000 investment in CN two decades ago would be worth about \$200,000 today with the dividends reinvested.

### The bottom line

Trading at \$108.4 at the time of writing, CN stock is back on an upward trajectory after showing weakness early this year. Investors who'd bought this stock on [my recommendation in late March](#) have made 20% in capital gains. But despite this upsurge, I don't think the window of opportunity has

closed for long-term investors. CN is a forever stock you can buy and hold without waiting for the next dip.

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1. Dividend Stocks
2. Investing
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