Young TFSA Investors: 2 Dividend Stocks to Buy Now and Own Until You Retire

Description

Canadian savers who are in the early years of their careers are searching for top stocks to buy inside their Tax-Free Savings Accounts (TFSA).

Let's take a look at **Nutrien Ltd.** (TSX:NTR)(NYSE:NTR) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) to see why they might be interesting picks.

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Nutrien

According to the United Nations, the world population has increased from 2.5 billion in 1950 to the current level around 7.6 billion and is expected to be close to 10 billion by 2050.

This puts a heavy demand on global farmers to produce enough food to feed everyone, and the challenge increases as farmland is consumed by urban development to house all the new people.

One way to boost crop yields is to use more fertilizer, and that's exactly Nutrien's business. The company is the world's largest provider of crop inputs and services, with wholesale potash, phosphate, and nitrogen production combined with a global retail division that sells seed and crop protection products.

Nutrien was formed at the beginning of 2018 as a result of the merger of Potash Corp. and Agrium. The company is making good progress on its integration efforts, already realizing US$150 million of targeted US$500 million in annual run-rate synergies.

Global potash shipments are expected to hit a record this year, and spot prices are increasing. Phosphate and nitrogen markets are also showing signs of a recovery after a multi-year downturn.

Nutrien pays a quarterly dividend of US$0.40 per share for a yield of 3%. As the market improves, investors should see steady growth in the payout.

Toronto-Dominion Bank

The Canadian banks came out of the Great Recession in better shape than most of their global peers, and several have taken advantage of the opportunity to grow their businesses significantly, and that trend continues.

TD gets the majority of its earnings from personal and commercial banking operations and is set to become the largest money manager in Canada through its recently announced $792 million purchase of Greystone Capital Management. Once the deal is completed, TD will have close to $400 billion in assets under management.

While the Canadian business is the largest operation, TD has also built a substantial presence in the United States. In fact, TD is now a top-10 bank in the U.S. and has more branches south of the border than it does in Canada. TD sees significant organic growth opportunities in the United States, and investors get some protection against any potential trouble in the Canadian economy. The American division generated about 30% of 2017 total earnings, and that could grow amid an era of lower corporate taxes and rising interest rates.

TD’s dividend has grown by an average annual rate of 11% since 1998. The current payout provides a 3.5% yield.

The bottom line

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Nutrien and TD should be solid buy-and-hold picks for a balanced TFSA retirement portfolio. When dividends are invested in new shares, investors can harness the power of compounding and potentially build substantial savings over the course of a few decades.

These market leaders are just two of the opportunities in the market right now.

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1. Dividend Stocks
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