



New Investors: 3 Top TSX Index Stocks to Start a Balanced Retirement Fund

Description

Young Canadians face an employment world that is quite different from the one their parents entered after college or university.

In the past, a recent grad could reasonably expect to find full-time work that came with attractive pension benefits. Most people stayed at the same firm for the balance of their careers and retired with the knowledge they would receive a nice defined-benefit pension.

Today, contract work is more common, and companies that provide full-time jobs with benefits have broadly switched to defined-contribution plans, where the employer matches a percentage of the amount the employee puts into the fund. This shifts the risk to the employee, as the payouts at retirement are determined by the fund's performance over time.

In addition, people regularly switch careers these days or prefer to be self-employed rather than work for a large company.

As a result, many young Canadian professionals have to take on greater responsibility for their retirement planning. One part of the retirement strategy often involves owning a diversified portfolio of [dividend stocks](#).

Let's take a look at three Canadian companies that might be interesting picks to launch a balanced retirement fund.

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#))

Sun Life has insurance, wealth management, and asset management businesses in Canada, the United States, the U.K., and Asia. In the wake of the Great Recession, management exited the U.S. annuities space as a measure to remove risk from the company and has focused new investment on asset management opportunities, including property portfolios.

Overseas, Sun Life has a strong presence in several Asian countries that offer significant long-term

growth potential. India, China, and the Philippines, among others, have a growing middle class that is attractive for the sale of insurance and investment products.

Sun Life's current dividend provides a yield of 3.8%.

Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien produces fertilizer products, including potash, nitrogen, and phosphate. The company sells the crop nutrients on large wholesale contracts or spot-price deals to countries around the world. Prices have improved after a multi-year slump, and the company has a robust outlook for 2019.

Nutrien also operates a growing retail division that provides global farmers with seed and crop protection products.

The company raised the dividend by 7.5% for 2019, and investors should see steady increases continue. The existing payout provides a [yield](#) of 3.1%.

TransCanada ([TSX:TRP](#))([NYSE:TRP](#))

TransCanada is changing its name to TC Energy to reflect the broader scope of its business activities. The company is a major energy infrastructure player in Canada, the United States, and Mexico with oil and natural gas pipeline systems, gas storage, and renewable energy power generation.

The \$36 billion development portfolio should ensure steady revenue and cash flow growth over the medium term. Management just increased the dividend by 8.7% for 2019 and intends to raise the payout by 8-10% per year through 2021. The current distribution provides a yield of 4.8%.

The bottom line

Sun Life, Nutrien, and TransCanada should all be solid picks to launch a diversified retirement portfolio that provides balanced geographic and industry exposure.

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1. Dividend Stocks
2. Investing
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