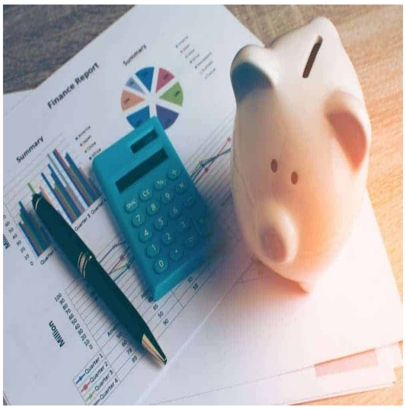

TFSA Retirement Investors: Should You Buy Toronto-Dominion Bank (TSX:TD) Stock Right Now?

Description

Everyone hopes to enjoy a comfortable lifestyle in retirement, and the sooner Canadians begin to plan for their golden years, the more likely they are to hit their retirement goals.

The arrival of the TFSA in 2009 gave Canadians an additional savings vehicle to complement the RRSP. For those who are at a lower income level than they will likely be later in their careers, using the TFSA now could be more attractive, as RRSP contribution room might be best reserved for when the impact on reducing taxable income is higher.

The TFSA is also appealing due to its flexibility. Ideally, you don't want to touch the funds until you retire, but in the event the cash is needed, you can access the full amount. This isn't the case with RRSP funds, which require a percentage to be withheld.

Let's take a look at **Toronto Dominion Bank** (TSX:TD)(NYSE:TD) to see if it might be an interesting TFSA picks today.

Earnings

TD reported adjusted fiscal Q1 2019 earnings that were pretty much in line with the same period last year. The quarter was a rough one for most of the big Canadian banks, and while investors might be concerned the difficult times will continue, history suggests the resulting dip in the stock should be a good buying opportunity.

TD's U.S. business delivered the strongest results in the last quarter. Adjusted net income increased 16%, supported by gains from lower taxes and higher interest rates. Rising rates can put pressure on homeowners, but they also tend to push up net interest margins.

TD is well capitalized with a CET1 ratio of 12%. This should provide some comfort to investors who are concerned about potential weakness in the Canadian housing market. It is true that TD has a large mortgage portfolio, and while the housing market would have to fall significantly before the bank takes a material hit, it is good to know it has a strong capital base to support it in the event of an unexpected shock.

The company just raised the quarterly dividend by 10% for 2019, so management can't be overly concerned about the revenue and earnings outlook. TD has a compound annual dividend-growth rate of more than 10% per year for the past two decades. The payout provides a yield of 3.6%.

Should you buy?

The stock rallied from the December low near $66 per share to above $77 before the Q1 earnings came out. At the time of writing, TD trades at $75, which is 12.4 times trailing earnings.

The shares are not overly cheap today, and additional downside could be on the way before sentiment reverses, but trying to time the market with TD generally results in missed dividends and potential lost upside on a rebound.

If you are looking for an anchor stock to put in your TFSA retirement portfolio for the next three or four decades, TD deserves to be on your radar. Any additional drop in the stock should be considered a buying opportunity.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/08/26
Date Created
2019/03/04
Author
aswalker