



This Dividend-Growth Stock Is Perfect for Your TFSA Forever Fund

Description

Tax-Free Savings Accounts (TFSAs) allow investors to earn tax-free returns. The sooner you start investing in your TFSA, the less risk you can take to achieve the returns and income you need.

For example, if your goal were to accumulate \$500,000 in your TFSA forever fund, you can achieve that amount (\$545,908 to be exact) in 26 years by investing \$5,000 in the account every year for a return of 10% — 76% of the end amount came from returns of the invested capital.

If you started investing 10 years later, you'd only achieve less than \$180,000. That is, you'd miss 10 years of savings and compounding at a 10% rate — 55% of the end amount came from returns of the invested capital.

The longer you put money to work for you, the more your total net worth will come from your returns versus your savings.

[Dividend-growth stocks are perfect for your TFSA forever fund](#) because they help investors hold their shares through the turbulent markets by spitting out dividends periodically — often quarterly or monthly.



A perfect dividend stock

Here's why **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a perfect dividend stock for your TFSA forever fund.

Brookfield Infrastructure is a utility that offers an above-average yield of 4.8%. The safe, periodic cash distribution that's paid out every three months is a good reason to hold on to the stock forever. Furthermore, investors can expect the cash distribution per unit to grow 5-9% per year.

Brookfield Infrastructure has been increasing its cash distribution per unit for 11 consecutive years with a five-year dividend-growth rate of 10.4%. With a growing portfolio of diversified utility assets across multiple sectors that generate stable and growing cash flow and a sustainable funds-from-operations payout ratio of less than 70%, there's no reason to doubt the durability of the company's dividend growth.

Past returns are indicative of future returns, and Brookfield Infrastructure's past returns were astounding. Until the end of Q1, the utility stock delivered five- and 10-year returns of 15% and 17%, respectively, on the NYSE, and returns were even higher for Canadian investors thanks to a stronger U.S. dollar against the Canadian dollar.

Foolish takeaway

Global infrastructure sectors are growing, and Brookfield Infrastructure has exposure to a diverse range of infrastructure assets, including rail, toll roads, telecom, data storage, distribution and transmission, ports, and more!

Brookfield Infrastructure offers a juicy yield of 4.8% for starters and can grow its cash distribution by 5-9% per year. As Warren Buffett would say, "it is better to buy [a wonderful company](#) at a fair price than a fair company at a wonderful price." And Brookfield Infrastructure is evidently a wonderful company. Therefore, you should consider it for your TFSA forever fund.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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Author

kayng

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