



A Canadian Millennial's Guide to TFSA Dividend Investing

Description

If you're one of those Canadian millennials who value their freedom over materialistic goods, you're probably one of many who've chosen not to have a baby (for the time being), not get tied down with a mortgage (until the Canadian housing market finishes correcting), and not purchase that sports car (which would have left an enormous void in your bank account).

While splurging on comforts and conveniences may be a big "no-no" according to financial gurus, I've noted in the past that doing so isn't as detrimental to your long-term financial future as such gurus tout. For those millennials who are keeping up with their TFSA portfolios and aren't burdened by a mortgage or substantial amounts of student loan debt, you don't need to cut all the comforts of conveniences out of your life to get rich over time.

Besides, who's got the right to tell you what to do with your money if they don't know how much utility a comfort or convenience can offer you? In my best attempt to channel Marie Kondo, that \$6 triple-venti-flat-white-skim may well be worthwhile if it brings you \$6 or more in "joy," even though you could easily brew yourself a packet of instant coffee for a fraction of the price.

With a well-diversified TFSA dividend portfolio, the extra income that'll come in can be used to finance those comforts and conveniences that many gurus insist you cut out of your monthly expenses. While it's a much better idea to reinvest every penny of your dividends within your TFSA to leverage the full power of tax-free compounding, there's little shame in spending the dividends payments as they come in.

Consider **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), a wonderful growth company that not only has an ambitious long-term growth plan, but a very generous dividend (currently yielding 2.9%) that's much larger than other firms that are capable of the same magnitude of double-digit bottom-line growth.

Moreover, the dividend has grown by leaps and bounds in the years that Restaurant Brands has been a publicly traded entity. The managers in 3G Capital have found the perfect balance of rewarding shareholders in the near term through dividends and massive annual [dividend hikes](#) and in the long

term through an aggressive global expansion of Restaurant Brands's various chains on conjunction with comps-driving initiatives.

While there are risks to Restaurant Brands's growth as it enters new markets (like if Tim Hortons can't spread its wings in China), I consider the risk to be below average because the chain has exceptional stewards that know when to double down and when to fold. Moreover, the capital-light franchisee model is particularly great for dampening some of the risks involved when moving into uncharted territory. That allows Restaurant Brands to really put its foot on the growth pedal.

Foolish takeaway

Like Restaurant Brands, millennial investors should seek to find the perfect balance of [rewarding one's self today](#) and investing for the future. There's no one-size-fits-all solution for anyone, and while it may be best to save everything for the future, you may not be optimizing the amount of utility (or joy) that you'll receive over time.

Restaurant Brands is a full-fledged growth company, but it doesn't want to reinvest everything in growth initiatives with no dividends. There's already a very solid growth plan in place, and with enough capital to finance it over time, there's enough financial flexibility such that a large sum can go back to shareholders to maximize value for them now *and* over time.

Restaurant Brands will allow you to grow your principal by leaps and bounds, and if you don't need to extra income from dividends at a given point in time, you can reinvest it in something else that's attractively valued because the market value of your investment will continue flying regardless. If you are financially strapped, then use the check that a dividend-growth king like Restaurant Brands will cut you, and don't feel as though you're jeopardizing your financial future.

Stay hungry. Stay Foolish.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

Category

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

Tags

1. Editor's Choice

Date

2025/08/17

Date Created

2019/05/30

Author

joefrenette

default watermark

default watermark