



How to Turn \$10,000 Into \$200,000 in Your TFSA

Description

Canadians are increasingly taking their retirement planning into their own hands.

Changing employment conditions are part of the reason for the switch, as many people now work for themselves or prefer the flexibility of contract work. Fortunately, online education, trading platforms, and investment research tools are more available than in the past, making it easier for investors to manage their own portfolios.

The TFSA is a popular vehicle for young investors to launch their retirement funds. Inside the TFSA, all interest, income, and capital gains are protected from the taxman, and saving RRSP room for later on when income might be higher is often advised for those who are in the early stages of their careers.

Let's take a look at the type of stock that might be an interesting pick to get a [TFSA retirement fund](#) started.

Canadian National Railway

Canadian National ([TSX:CNR](#))([NYSE:CNI](#)) is in the business of moving the raw materials and finished goods that people and companies require as part of the day-to-day functioning of the North American economy. The company has an important advantage through its unique rail network that connects key ports on both the Pacific and Atlantic sides of Canada as well as the Gulf Coast in the United States.

The American connection means CN generates a significant chunk of its revenue and profit in the U.S., providing a solid boost to income when the U.S. dollar rises against the loonie.

The company is investing nearly \$4 billion in 2019 to ensure it remains competitive and continues to operate as efficiently as possible. Investment in new locomotives and rail cars are matched with upgrades in rail lines and intermodal hubs. CN is also using technology to help improve overall performance of the complex network.

Despite the high capital requirements to keep the company in its leadership position in the industry, CN still generates significant free cash flow and the board is good about sharing the profits with investors

through share buybacks and dividend increases. CN raised the dividend by 18% for 2019 and the company's 20-year compound annual dividend-growth rate is better than 15%.

Long-term investors have watched their holdings increase significantly. A \$10,000 investment in CN just 20 years ago would be worth about \$200,000 today with the [dividends](#) reinvested.

The bottom line

CN is just one example of a number of top TSX Index stocks that are market leaders and have strong track records of dividend growth supported by rising revenue and profits.

CATEGORY

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

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2. TSX:CNR (Canadian National Railway Company)

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