



## Retire Early: 2 Top Stocks to Start a TFSA Pension Fund

### Description

Planning for early retirement means different things to different people, but the common goal is to have enough cash to enjoy life without having to punch the clock every day.

One way to hit your savings target is to buy [dividend stocks](#) inside a Tax-Free Saving Account (TFSA) and use the distributions to acquire more shares. The process might not appear fruitful in the first few years, but, over the course of a couple of decades, you can turn a small initial investment into a significant fund.

Let's take a look at two stocks that might be interesting picks to launch your early retirement portfolio.

### TD

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has a long track record of dividend growth supported by rising revenue and earnings. The company has increased the payout by a compound annual rate of about 11% over the past two decades, and steady increases should continue in line with anticipated earnings-per-share growth of 7-10%.

The current payout provides a [yield](#) of 3.9%.

TD's large U.S. business generates more than 30% of total profits and gives investors good exposure to the American economy through a top Canadian stock. The bank is investing heavily in digital solutions to keep up with changes in the industry while maintaining convenient branch hours for customers who prefer to visit the physical locations.

Long-term investors have done well with this stock. A \$10,000 investment in TD just 20 years ago would be worth \$88,000 today with the dividends reinvested.

### Nutrien

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is a provider of crop nutrients to countries and farmers around the world. The company is the planet's largest supplier of potash and a leader in nitrogen and phosphate. In addition, Nutrien has a retail division that sells seed and crop protection products and is building a tech division.

Farming is constantly evolving as growers seek to get better yield from the same land. Nutrien's fertilizer products help in the field and the company's growing digital solutions assist farmers with other aspects of their operations.

The fertilizer market goes through cycles. As such, catching the stocks as the next recovery emerges can provide a boost to long-term returns. Crop nutrient prices are improving after a long slump, and Nutrien stands to generate some significant free cash flow as margins improve.

The company raised the dividend twice in the past year, so the board is obviously comfortable with the revenue and earnings outlook. The stock has come down in recent weeks and now appears attractively priced. Investors who buy today can pick up a yield of 3.5%.

## The bottom line

TD and Nutrien are leaders in their respective industries and should be solid buy-and-hold picks for a TFSA retirement portfolio. If you only buy one, I would probably make Nutrien the first choice today. The stock looks oversold and has the potential to generate above-average returns in the coming years.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks
5. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:NTR (Nutrien)
4. TSX:TD (The Toronto-Dominion Bank)

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aswalker

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