2 Top Stocks to Buy for Your TFSA and Retire Early

Description

Planning for your retirement should be an important goal if you're a working professional. If done right, the savings you put aside in your prime earnings years can make your golden years much more enjoyable and hassle free.

One way to achieve this goal is to start investing through your Tax-Free Savings Account (TFSA) to buy stocks that consistently raise their dividends. These regular payouts don't look substantial, but if you keep dividend-paying stocks in your TFSA portfolio over the long run and reinvest dividends by buying more shares, you will notice how quickly your portfolio grows by the power of compounding.

If you're ready to make this move, then here are two top dividend stocks that could help accumulate substantial savings for you once you retire.

Royal Bank of Canada

Canada's largest lender, **Royal Bank of Canada** (TSX:RY)(NYSE:RY), is a great pick if you're investing for your golden years.

RBC is one of the best dividend payers in Canada. After the company's recent dividend hike, it's now on track for the ninth consecutive year in which it has raised its annual dividend payment.

During the past decade, RBC raised its dividend by a compound annual rate of about 11%. For dividend-growth stocks, it's important to keep their payout ratio manageable so that they have enough space for future hikes and still grow.

With the dividend-payout ratio of 40-50% of its net income, RBC is in a comfortable position. RBC currently pays $1.02 a share quarterly, which translates into an annual yield of 3.89%.

Restaurant Brands

There are a few stocks in the restaurant space that have proved as great a bet as **Restaurant Brands International** (TSX:QSR)(NYSE:QSR). During the past five years, the parent company of three restaurant chains — Burger King, Tim Hortons, and Popeyes Louisiana Kitchen — produced triple-digit gains for investors.

With 3G Capital and National Indemnity, a subsidiary of Warren Buffett's **Berkshire Hathaway**, being the company's largest shareholders, the Restaurant Brands has been well positioned to grow its sales, earnings, and dividends. This combo makes this stock a good candidate for investors seeking both capital gains and income.

Restaurant Brands told investors recently that it plans to grow its three fast-food chains to more than 40,000 locations around the world over the next eight to 10 years.

"Forty thousand restaurants worldwide will put us amongst the largest restaurant companies in the world," said CEO Jose Cil at the company's first Investor Day in New York in May.

With this kind of explosive growth in the works, it won't be a bad idea for TFSA investors to hold this stock for both growth and income. QSR stock pays $0.66 payout quarterly, yielding 2.75% annually.

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2. NYSE:RY (Royal Bank of Canada)
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Date
2025/08/17
Date Created
2019/07/23
Author

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