



Aim for a Million With Your TFSA: Buy and Hold This Top Stock for the Next 30 Years

Description

Many of today's young investors have no idea just how [powerful](#) the effects of long-term compounding can be. When you take taxes out of the equation by leveraging the Tax-Free Savings Account (TFSA), the wealth-creative effects are as unfathomable as they are profound.

In a prior piece, we [went through the math](#) and concluded that many millennials are future millionaires in the making. It doesn't matter how much money today's young investors are making. As long as one sets aside enough to contribute the maximum annual amount (\$6,000) to a TFSA while using the proceeds to invest in stocks, the pathway to the million-dollar milestone could be surpassed in as little as three decades.

A million-dollar TFSA retirement fund sounds pretty far-fetched, but it's actually a realistic long-term goal, given how powerful the effects of long-term compounding can be. If you stick with a long-term time horizon by investing for decades at a time, rather than focusing on the day-to-day market fluctuations, you're well on your way to achieving financial freedom, possibly far earlier than your Baby Boomer or Gen X parents.

This piece will look at one business that TFSA investors can feel comfortable buying and holding for decades at a time. The name has a vast moat protecting its ability to sustain and grow economic profits over the long run. Moreover, the company has a wonderful management team that can maximize long-term value for shareholders.

Without further ado, consider **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)), one of the bluest blue chips on the **TSX Index**. The top rail stock can power your TFSA to that sought-after million-dollar milestone. I view the name as a steady ship that can allow you to smoothly sail toward your TFSA retirement goals on (or ahead of) schedule, even with recessions, depressions, bear markets, crises, corrections, and crashes that are to be expected in a 30+ year investment horizon.

The best TFSA foundation stock on the TSX?

CN Rail makes a strong case for why it should be the go-to stock for the foundation of your TFSA. It has one of the widest moats in the business world — a major reason why Warren Buffett's **Berkshire Hathaway** owns a BNSF Railway in whole. It's a wonderful business capable of creating wealth at an above-average rate over time while minimizing risk in the event of the inevitable crises and crashes that are inevitable over a multi-decade investment horizon.

While BNSF is a great American freight railway, CN Rail, I believe, is an even better investment over time. It holds the title of "North America's Most Efficient Railway" for a reason. The company has always found a way to optimize its operational efficiencies through thick and thin. Of late, the operating ratio (OR) has taken a hit amid the coronavirus crisis. But the disruptive impact was relatively modest, and I do not doubt that the firm will drastically improve upon its OR on the other side of this crisis.

The Foolish takeaway for TFSA investors

CNR stock plunged viciously into the close on Monday, selling off over \$5.50, or around 4% on the day. I'd treat the dip as a buying opportunity as CN Rail is likely to play a massive role in dragging the Canadian economy out of the gutter in 2021 and beyond.

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