I Put Half of My Retirement Savings in These Stocks

Description

Choosing investments for retirement is one of the most important decisions you'll ever make. With the right investments, you can end up with far more wealth than you saved up. With the wrong ones, you can go broke. Ultimately, it takes a lifetime of intelligent investing to build a financially secure retirement.

In this article, I'll explore three stocks that, together, account for about half of my retirement portfolio.

CN Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is Canada's largest railway company. It ships $250 billion worth of goods a year across Canada and the U.S.

CNR has proven itself over the years to be a very stable, dependable stock. In the last decade, it has risen 246% in the markets and paid dividends all along the way. At 1.84%, the stock's yield is not high, but it has plenty of growth potential. Railroads tend to grow with the economy, increasing their transportation volumes as consumer demand increases. This can drive a lot of dividend growth over a long enough period of time.

Over the last five years, CNR has raised its dividend by 12.8% annualized. If that keeps up, you can expect a much higher yield tomorrow than you have today. Exactly the quality you should look for in income-producing retirement investment.

TD Bank

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is Canada's second-largest and arguably most innovative bank. The company is well known for its massive U.S. brokerage operations (via **Charles Schwab**) and its wildly popular, highly-reviewed mobile app. TD Bank is generally the "most American" of Canadian banks, in the sense that it has huge U.S. exposure through its U.S. retail bank and its Charles Schwab investment.

In TD's most recent quarter, it beat on earnings, growing them 144% year over year. To an extent, that was to be expected, because COVID-19 lockdowns were just starting in the comparable year quarter. Nevertheless, TD's Q2 earnings beat Q1 of the prior year, which represents a gain over even the closest pre-COVID period. Overall, TD is a great stock to provide income in retirement.

Vanguard S&P 500 Index Fund

Moving away from individual stocks and toward ETFs, we have the **Vanguard S&P 500 Index Fund** (TSX:VFV)(NYSE:VOO). VOO is one of the world's most popular ETFs, an S&P 500 fund that tracks the world's most closely watched stock index. In VOO, you will find all the FAANG stocks, along with America's biggest banks, retailers, manufacturing companies–and more.

The main reason to add VOO to your portfolio is diversification. The more you diversify, the more you reduce your risk, and VOO has 500 stocks under the hood. That's a lot of diversification. On top of that, the fund is built on U.S. stocks, which tend to outperform global stocks over time. Past results don't indicate future results, but with a highly entrepreneurial spirit, U.S. companies should continue to do well going forward.

That's not to say that VOO is a totally U.S. investment, though. You can actually buy the Canadian-listed version, VFV, on a Canadian exchange, and skip the currency conversion costs. It's a pretty easy way to get quick exposure to U.S. stocks in your RRSP or TFSA for retirement.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:SCHW (The Charles Schwab Corporation)
3. NYSE:TD (The Toronto-Dominion Bank)
4. NYSEMKT:VOO (Vanguard S&P 500 ETF)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:TD (The Toronto-Dominion Bank)
7. TSX:VFV (Vanguard S&P 500 Index ETF)

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