



TFSA Investors: 2 Stocks to Buy and Hold Forever

Description

The Canadian government introduced the [Tax-Free Savings Account](#) (TFSA) in 2009 to encourage Canadians to improve their savings practices. The government added many excellent features to the account type to incentivize Canadians to use their TFSAs.

Any contributions you make to the account are made using after-tax dollars, and your investments within the account can grow without incurring any income taxes. Additionally, you can make withdrawals from your TFSA without worrying about taxes or penalties for early withdrawals, making it even more attractive.

While the TFSA is technically a savings account, an ideal way to use it is as an investment vehicle that can provide you with significant and tax-free returns. Creating a portfolio of income-generating assets within the TFSA could allow you to use it as a tax-free passive-income stream. You could also consider reinvesting the earnings from your investments in the account to unlock the power of compounding to accelerate your wealth growth.

I will discuss two stocks that could be [ideal income-generating assets](#) for your TFSA portfolio to help you make the most of the account's tax-sheltered status.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is an ideal stock for a TFSA portfolio. The \$26.56 billion market capitalization utility holdings company owns and operates 10 utility businesses in the U.S., the Caribbean, and Canada, providing gas and electric services to an estimated 3.4 million customers. Fortis generates almost its entire revenue through rate-regulated assets, virtually guaranteeing predictable revenues for the company.

Having predictable cash flows allows the company's management to comfortably fund its capital projects that can expand its rate base. The management intends to invest \$19.6 billion into its five-year capital investment plan from 2021 to 2025, which will increase its rate base to \$40 billion. Additionally, the predictable cash flows can easily fund the growing dividend payouts to its shareholders.

Fortis is a Canadian Dividend Aristocrat with a 47-year dividend-growth streak. The stock is trading for \$56.58 per share at writing, boasting a juicy 3.57% dividend yield.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is another dividend stock that could be an excellent asset for your TFSA portfolio. The \$95.97 billion market capitalization company is Canada's biggest railway operator and provides an essential service throughout North America. The company's railway network is the only railroad network extensive enough to serve Canada, the U.S., and Mexico.

While many investors were not happy about its pricey acquisition of **Kansas City Southern**, the move would only provide CN Railway a greater edge in the industry by expanding its railroad network. The company has solid growth potential, and the demand for its services is unlikely to decline for several decades, if at all.

The company's management is improving its operational efficiency, a move that could further strengthen the business and generate greater returns for shareholders.

CN Railway stock is trading for \$135.56 per share at writing, and it boasts a 1.81% dividend yield.

Foolish takeaway

The TFSA is a diverse investment vehicle that you can use for various financial goals. From using it as a second income stream to supplement your income to using it to create a secondary retirement fund, the possibilities are endless. It is important to avoid making [crucial TFSA mistakes](#) and using high-quality dividend stocks that can deliver reliable long-term returns to help you achieve your financial goals with the account.

Fortis stock and Canadian National Railway stock are Canadian Dividend Aristocrats that can help you get the best out of your TFSA contribution room.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CNR (Canadian National Railway Company)

4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamothonman
2. metienne

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/09/10

Date Created

2021/08/07

Author

adamothonman

default watermark

default watermark