Retirement Planning: 3 Stocks to Balance Growth With Safety

Description

When it comes to investing, the risk appetite changes as you get closer to retirement. You can't take as many risks, and you might not have enough time to grow your capital (since you might already start to draw from it). So, the best option would be to preserve what you already have. But that doesn't mean you have to invest in stocks that are rigidly static. A little bit of safe growth is perfect for your retirement portfolio.

A railway giant

Canadian National Railway (TSX:CNR)(NYSE:CNI) is one of the two railway giants in the country and one of the largest railways in North America. It's cargo-oriented and connects North American businesses to their customers through its 20,000-route mile of track. Even more impressive (and important) than the length is the routes themselves: The company connects three coasts through its railway network.

Recently, one of the company's deals in the U.S. was "spirited away" by its only major Canadian competitor: **Canadian Pacific**. But the stock is still quite attractive. It offers a very modest 1.5% yield as well as a decent growth potential. The 10-year compound annual growth rate (CAGR) of 17% is likely sustainable for the next few decades.

A banking giant

The **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is often one of the top investor choices within the Canadian banking sector, and it's easy to see why. Its long-term growth potential is second only to the smallest of the big six (**National Bank of Canada**), and the 3.2% yield is attractive enough. As a Dividend Aristocrat, the bank is likely to keep growing its payouts year after year.

Royal Bank is a very safe investment that offers a decent bit of growth. If it can replicate its 10-year CAGR of 15.6% for the next decade, the bank can grow its capital four-fold. That's enough growth to keep your capital from depleting too slowly unless you liquidate too much of it every year. The dividend yield is high enough to augment your pension.

A telecom giant

While not the top-dog in the sector, **Telus** (TSX:T)(NYSE:TU) is one of the three giants in the Canadian telecom industry and a decent 5G stock. The company offers a slightly different mix of dividends and growth compared to the bank. Telus offers a juicy 4.4% yield and a 10-year CAGR of 12.3%. With this combination, the company can be relied upon more for dividend income than growth.

It's currently only slightly overvalued, and it has the potential to see a major uptake with the mainstream adaption and growth of IoT, which is likely to spike the demand for 5G (and in the future, 6G) internet and communication technology. This can catapult Telus stock to new heights and offer you more capital growth than its history promises.

Foolish takeaway

The three stocks are either at the top or near the top in their industries, which means the threat of significant competition cropping up (which is an unpredictable variable) is insignificant. They are mature businesses and household names with stellar dividend histories and enough growth potential to keep your retirement savings proportionately ahead of inflation and increasing old-age expenses.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TU (TELUS)
4. TSX:CNR (Canadian National Railway Company)
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Author
adamothman