2 TSX Stocks to Buy Your Child for $124K by 2040

Description

If you've ever wondered whether it's too early to start investing for your child, that's an easy "no" — especially when it comes to the many ways to invest in your child these days. Whether it's a Registered Education Savings Plan (RESP) or Tax-Free Savings Account (TFSA), parents can choose **TSX** stocks to gift their kids for life.

But if you ask any financial institution, the RESP is likely to come out on top. Even if your child doesn't decide to go to school, this plan for schooling is the only program that gives you free cash. Each year, you can get 20% from the government put into your child's RESP, up to a maximum of $500 each year and $7,200 in a lifetime. That's $2,500 that you would invest every year towards your child.

So, if, over the next 18 years, you managed to do just that, you would have $52,200 saved for your child by 2040! But what if you then invested it in stable TSX stocks? Well, let's take a look and see what would happen then.

What to consider

It's true; investing in TSX stocks can feel risky — especially when it comes to your child's future. But that's why it's important to look for *stable* TSX stocks. These would include companies that have been around a long time and have strong futures ahead.

There are two industries I would consider today. First, consider Canadian banks among TSX stocks. Canadian banking institutions have been around for over a hundred years when looking at the Big Six banks. And that's unlikely to disappear anytime soon. Each has paid out dividends each year since inception and continue to expand.

Then there's food. But before you go investing in some fast-food restaurant, consider something broader. Companies that provide crop nutrients are a strong option, as the world becomes more populated. Less arable land means farmers will need to keep up with demand with less time for nutrients to return to the soil. So, crop nutrient companies are a stable option for life.

Two TSX stocks to buy now

Two TSX stocks that fall right into these categories for your child are **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Nutrien** (TSX:NTR)(NYSE:NTR). Both companies have been seeing massive growth over the last few years but especially in 2021. Inflation has given a rise in crop nutrient prices and is good for the banking industry as well.

TD stock in particular is a spectacular long-term option. TD stock expanded into the United States and has become one of the top banks in the country. It's also expanded its online presence, providing clients with ways of banking at home during the pandemic. Further, in this volatile economic environment, it has the most options among the banks for loan repayments.

As for Nutrien, the company was already one of the most undervalued TSX stocks for future growth. It has partnerships with highly populated countries like China and India, where crop nutrients are sorely needed. This continues to expand, as climate change impacts countries around the world. Yet it still remains the world's largest producer or potash nutrients, with sales climbing higher and higher during the last year.

Bottom line

What both of these TSX stocks offer for your child are also dividends. TD stock has a 3.67% dividend yield, and Nutrien has a 2.47% yield as of writing. If you were to invest half your savings in each of these TSX stocks for the next 18 years and reinvested the dividends, you could have a portfolio worth over $124,000! That's one heck of a gift for your little one.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:NTR (Nutrien)
4. TSX:TD (The Toronto-Dominion Bank)

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