



2 Great Canadian Stocks to Start a TFSA Retirement Fund

Description

TFSA investors are searching for top TSX stocks to build a self-directed portfolio for [retirement](#).

TFSA benefits

The TFSA limit for 2022 is \$6,000, and the maximum cumulative contribution space is now \$81,500 per person. Young investors like the flexibility the TFSA provides. Money can be removed from the TFSA without any penalties and the amount of the withdrawal gets added back to the contribution room in the following calendar year.

Retirees can use the TFSA to generate tax-free income on savings and don't have to worry about the TFSA income putting their Old Age Security pension at risk of a clawback.

Let's take a look at two high-quality dividend stocks that should be attractive to both new investors and pensioners.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is one of those stocks investors can simply buy now and forget about for decades. The company is Canada's largest player in the communications [sector](#) with a market capitalization of \$65 billion. BCE has the balance sheet strength to make billions of dollars of investments in network upgrades to ensure it protects its wide competitive moat.

BCE will run fibre optic lines directly to the premises of 900,000 customers in 2022. It is also expanding its [5G](#) network after spending \$2 billion last year on new 3,500 MHz spectrum. These initiatives should drive revenue growth in the coming years.

BCE has increased the dividend by at least 5% for 14 consecutive years. Management expects free cash flow to increase by 2-10% in 2022, so another decent dividend hike should be on the way for 2023. At the time of writing, the stock provides a 5.25% yield.

Long term, BCE investors have enjoyed solid total returns. A \$10,000 investment in BCE stock 25 years ago would be worth more than \$260,000 today with the dividends reinvested.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) operates the world's largest network of oil pipelines. The company transports 30% of the oil produced in the U.S. and Canada. Enbridge also moves 20% of the natural gas used in the United States.

In addition, Enbridge has natural gas distribution utilities, gas storage sites, and renewable energy assets. The company continues to make strategic acquisitions to drive growth. Enbridge purchased the largest U.S. oil export facility in Texas last year for US\$3 billion. Enbridge is also investing in new natural gas and renewable energy projects as well as evaluating carbon-capture and -storage opportunities.

Enbridge raised the dividend by 3% for 2022. Management expects distributable cash flow to increase by 5-7% per year over the medium term. This should support ongoing dividend increases. The board raised the payout in each of the past 27 years.

At the time of writing, Enbridge stock provides a 6.1% dividend yield.

A \$10,000 investment in Enbridge 25 years ago would be worth about \$295,000 today with the dividends reinvested.

The bottom line on top TFSA stocks

BCE and Enbridge are leaders in their respective industries and pay generous dividends that should continue to grow for years. If you have some cash to put to work in a TFSA retirement fund, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
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