



How to Turn a \$30,000 TFSA or RRSP Into \$750,000

Description

Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors are searching for top [TSX](#) dividend stocks to buy that can deliver attractive total returns for a self-directed pension fund. One top [investing strategy](#) involves owning quality dividend-growth stocks and using the distributions to buy new shares.

Power of compounding

Using dividends to acquire additional shares sets off a powerful compounding process that can turn modest initial investments into substantial [retirement](#) portfolios. The strategy requires patience, but time is the best friend of investors who are trying to build wealth. Market dips provide opportunities to buy new shares at cheaper prices and steady dividend growth from top stocks tends to support higher share prices over the long run.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a leader in the North American energy infrastructure industry with a [market capitalization](#) of \$115 billion and assets that are strategically important to the smooth operation of the Canadian and U.S. economies.

Enbridge transports 30% of the oil produced in Canada and the United States. The natural gas utilities supply fuel to millions of homes and businesses and the natural gas transmission system connects producers to storage sites, liquified natural gas (LNG) facilities, power producers, and natural gas utilities. Enbridge also has a growing renewable energy group and is getting into [ESG](#) (environmental, social, and governance) segments, including hydrogen and carbon-capture hubs.

Enbridge's recent capital investments are focused on export opportunities. The company bought an oil export terminal in Texas for US\$3 billion last year. Enbridge recently announced plans for new natural gas lines to bring the fuel to LNG sites on the American Gulf Coast.

In Canada, Enbridge is expanding its natural gas pipelines network in British Columbia and has entered an agreement to take a 30% stake in the \$5.1 billion Woodfibre LNG project in the province.

Europe is seeking to secure substantial and long-term LNG supplies from the U.S. terminals. Asia is the target market for new LNG facilities being built on the Canadian west coast. Canada has significant natural gas resources that are cheap to produce.

Enbridge raised its dividend in each of the past 27 years. The current \$13 billion capital program will drive revenue and cash flow growth in the next few years to support ongoing payout growth. At the time of writing, the stock provides a solid 6% dividend yield.

Long-term investors have done well holding Enbridge shares. A \$30,000 investment in Enbridge stock 25 years ago would be worth about \$750,000 today with the dividends reinvested.

The bottom line on top stocks to buy for total returns

Enbridge is a good example of a stock to buy for dividend growth and total returns. TFSA and RRSP investors can currently buy a number of top TSX dividend stocks at cheap prices for a self-directed retirement portfolio.

Past performance is no guarantee of future returns, but companies that raise their dividends every year tend to see their share prices rise over time and the strategy of buying top dividend stocks and reinvesting the distributions is a proven one for building retirement wealth.

CATEGORY

1. Dividend Stocks
2. Investing

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