



New Investors: How to Turn a \$10,000 TFSA or RRSP Into \$179,000

Description

The [market correction](#) gives new investors a chance to buy top [TSX](#) stocks at cheap prices for a self-directed Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP) portfolio. One popular [investing strategy](#) involves owning top dividend stocks and using the distribution to buy new shares. This sets off a compounding process that can turn modest initial investments into significant savings over time.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a good stock to buy for a TFSA or RRSP focused on both passive income and total returns. The board has raised the dividend in each of the past 48 years, and management expects the payout to grow by an average rate of 6% per year through at least 2025.

Revenue and cash flow growth will come from the current \$20 billion capital program. As the new assets go into service, the rate base is expected to increase by about a third by the end of 2026. Fortis also has a history of making strategic acquisitions to drive additional revenue and profit expansion. It wouldn't be a surprise to see Fortis do another deal, as the utility industry consolidates. The company added a mergers and acquisitions specialist to the executive team last year.

Fortis trades near \$59 per share at the time of writing compared to more than \$65 earlier this year. The pullback looks overdone, and investors can pick up a decent 3.6% yield right now. The dividend-reinvestment plan (DRIP) offers a 2% discount on the purchase of new shares.

Long-term investors have done well with Fortis stock. A \$5,000 investment in Fortis 25 years ago would be worth about \$85,000 today with the dividends reinvested.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$63 per share compared to more than \$73 in April. The pullback looks overdone, considering BCE's strong results through the first half of the year and the

essential natural of its internet and mobile services as we head towards a potential recession.

BCE generated adjusted net earnings of \$791 million in the second quarter (Q2) 2022, up 5.3% from Q2 2021. Free cash flow improved by 7.1% to \$1.33 billion. BCE has raised the dividend by 5% for 2022. That's in line with the average annual increase over the past 14 years, and investors should see another hike in the 5% range for 2023. BCE says it is on track to generate adjusted earnings-per-share growth of 2-7% in 2022 and free cash flow growth of 2-10%.

BCE is known as a good stock to buy for passive income due to the high yield and reliable payouts. Investors who buy at the current level can get a 5.8% dividend yield. Long-term investors have also enjoyed decent total returns. A \$5,000 investment in BCE 25 years ago would be worth about \$94,000 today with the dividends reinvested.

The bottom line on top stocks to buy for a TFSA or RRSP

Fortis and BCE pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed TFSA or RRSP focused on dividends and total returns, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/21

Date Created

2022/09/11

Author

aswalker

default watermark

default watermark