For a Carefree Retirement, 3 Careful Stock Ideas

Description

If you want to sit under the shade 10 or 20 years from now, you must plant the seed (and water it) today. The same principle applies to retirement planning as well. You must make careful investment choices today for a relatively carefree retirement with adequate financial stability.

This includes choosing the right registered account for the job, though, ideally, you should have retirement nest eggs in both the Tax-Free Savings Account (TFSA) and the Registered Retirement Savings Plan (RRSP).

However, the most crucial step is choosing the right investment instruments; three stocks can give you a good starting point.

A tech giant

Many conservative investors usually consider the tech sector too "vigorous" and unpredictable for long-term retirement investments. But if you choose a company like **Constellation Software** (TSX:CSU), which is not just one of the low-volatility stocks in Canada (with a beta of 0.86) and a highly predictable growth stock, you will give a powerful push to your retirement portfolio in the right direction.

This tech stock has consistently grown for the past two decades and is currently trading at about $2,325 per share. The price has grown 200% in the last five years alone, and if it maintains this pace (about 40% a year), you may experience eight-fold growth in two decades. Even if the stock falls short of this mark, the growth potential is significant enough to outshine most conventional and relatively slower-growth stocks.

A solid-waste management giant

Texas-based **Waste Connections** (TSX:WCN) is among North America's largest solid waste management companies. It has a massive regional presence, covering about 43 U.S. states and six Canadian provinces. The bulk of its business is associated with residential and commercial solid waste

management, but the company also has tangential capabilities like handling waste treatment for oil fields (non-hazardous).

The stock offers a powerful mix of stability and growth potential and complimentary dividends at a yield of about 0.77%.

The stability doesn't just come from its massive presence but from the business model itself. Solid waste management is an essential evergreen service that's almost always in demand and is not negatively impacted by most market headwinds. It's also a powerful growth stock and has risen over 107% in the last five years.

A railway giant

Canadian National Railway (TSX:CNR) is *the* largest railway company in Canada and one of the most significant large-cap stocks currently trading on the TSX. The company has a massive presence in Canada and the neighboring U.S., and its 20,000-mile railway network connects three major North American ports and the bulk of the Canadian landmass.

As a stock, Canadian National Railway is coveted for its growth potential and dividends. It's an established Dividend Aristocrat that's currently offering a modest yield of about 2%. The stock grew nearly 227% in the last decade alone. If it continues to grow this way, it can help you achieve six-fold growth in about three decades.

Foolish takeaway

The three blue-chip growth stocks can be classified as buy-and-forget wealth builders. You can buy and hold them for decades, and they will most likely keep growing in your registered accounts at a decent enough pace.

By the time you retire, you may have a sizeable enough stake in the three companies to earn a decent income from the dividends of the three companies alone. If not, you can systematically liquidate your position to augment your pensions.

CATEGORY

1. Investing

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2. TSX:CSU (Constellation Software Inc.)
3. TSX:WCN (Waste Connections)

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