



DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are of my own and are not to be used as professional advice. These are my findings and can hopefully help you to make informed decisions on investing. Consult a Broker or Lawyer before making any investment.

What are Dividend Aristocrats? This is VERY IMPORTANT. Perhaps besides Growth Dividend Stocks, there is no better method to consistently reap rewards on your investments than to invest in Dividend Aristocrats or Dividend Kings. Tomorrow we cover Dividend Kings. Today we concentrate on the first:

DIVIDEND ARISTOCRATS

In simple terminology, Dividend Aristocrats are the large United States publicly traded companies that are very successful and highly liquid. When a company pays you a dividend, that is money that you make like a bank paying you interest. If a stock sells for \$100 and has a 5% dividend, it will pay out \$5.00 in dividends either quarterly, semi-yearly or once per year. If the company pays quarterly, you would receive \$1.20 per quarter if the stock was at a level of \$100 all year. The reality is stocks do not stay at any set value, so the Earning Per Share can vary causing the dividend percentage to increase or decrease. While this sounds bad, if we are in an upmarket, then the \$100 stock at the end of the year may be worth \$105 so with that value and the dividend, you really would net out a 10% gain.

When I was younger, I wish I had known about Dividend Aristocrats. Ever since I started purchasing these over the past 10 years, my returns have been much better on my overall portfolio. If a person will concentrate a large percentage of their money on the total stock market indexes by using ETFs such as **ITOT**, **VTI**, or **SCHB**, and then put an equal amount into these types of dividend stocks, it will work well for you in the long haul.

Does buying Dividend Stocks guarantee you will make money? Absolutely not. You have to evaluate each company on its strengths and weaknesses, paying close attention to its P/E. P/E is a price-to-earnings ratio. Years ago, a company with good cash flow with a P/E ratio of 8% was considered a good investment. Nowadays, prices have driven up the P/E ratio, and many are above 20%. That does not mean they will not perform well, but it is a note of caution. Benjamin Graham, the author of *The Intelligent Investor*, makes a huge push for buying only high-quality stocks that have the right Cash Flow and Income Statements. Why anyone would want to buy a stock without it paying a dividend really makes very little sense. To make money in the stock market, you must have a plan and stick to that plan over the long term. Steady consistent investments win the race. Richard Kiyosaki in his book, *Rich Dad, Poor Dad* stresses the importance of having a written plan. He reiterated that in the second book *Rich Dad's Guide to Investing*. Those two books are in my top 5 books on investments that I have read. We will be doing some book reviews in the upcoming weeks so that you may decide which books might be of interest to you. Study the markets every day. Only by continuing to learn will a person grow proficient in any endeavor. (Work, Family, Investing, etc.)

Just to make this list weeds out many unprofitable and speculative stocks.

Traits of a Dividend Aristocrat

- 1. At least 25 years of consecutive dividend payments with a higher dividend per share each year.**
- 2. The company maintains a minimum market capitalization of 3 Billion dollars.**
- 3. The stock averages at least 5 million dollars in daily trading.**
- 4. The stock is part of the S&P 500 stock market index and is publicly traded.**

Not many companies can pull off this hat trick of meeting all 4 criteria for 25 Years.

For a complete list of all 65 companies in 2022 Dividend Aristocrats, see the following link.

<https://money.usnews.com/investing/stock-market-news/articles/dividend-stocks-aristocrats>

It shows the number of years they have been on the list, and what their dividend percentage is currently. If you decide to buy some of these, study each one carefully. Be sure they have a good rating and are expected to continue to grow. If the stock market price per share never goes up, a large percentage of your profits go away. I try to shoot for 7 to 8% of both dividends and a possible price increase over the upcoming year.

You can purchase the majority of these on Schwab.com using their Stock Market Slices program. You select which companies you want, then designate the amount of money you want to invest. If you selected 10 stocks and invested \$100, then each one would receive approximately \$10. You can invest as little as \$5. I have used their program to buy 12 of what I consider the best dividend-paying stocks. A few are not on the Dividend Aristocrats report, but the majority of them are.

You can purchase any of these on Fidelity.com and buy by the dollar rather than the number of shares. Both Fidelity and Schwab help investors get started on their path to financial freedom with ease of use and good research.

One day I will spend time and go over which Dividend Stocks I currently own and the logic behind them.

Tomorrow, look forward to the article on Dividend Kings. They are different than Aristocrats and maybe even better. A few overlap both lists which makes those certainly worthy of researching.

Always remember that historical returns may or may not help to make good decisions today. So many factors come into play that you must not just read a list and start buying. Study them out and make a logical assessment of each company. What these lists do is give you some EXCELLENT prospects to analyze.

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