



Intro to Dividend Investing

Figure 1.



Figure 2.

Stock Symbol	Company Name	DARS™ Rating	Ex-Div Date	Pay Date	Div Payout	Qualified Dividend?	Stock Price	Yield
NI	NISource	🔒	2018-10-30	2018-11-20	0.20	Qualified	\$25.81	3.02%
GECC	Great Elm Capital Corp	🔒	2018-10-30	2018-11-15	0.08	Unknown	\$8.31	11.99%
VRTS	Virtus Investment Partners Inc	🔒	2018-10-30	2018-11-15	0.55	Qualified	\$99.20	2.22%

Example:

Company A

Share Price - \$42.50

Dividend yield - 4%

Company B

Share Price - \$15.25

Dividend yield - 8%

Which one would have the higher dividend rate?

Dividends have been used as a form of passive income by many investors over the years. Many people also use dividends as a tool for developing investment capital and growing positions of current holdings in one's portfolio. To start building a dividend portfolio it is first necessary to understand how they work and what type of strategy works best for your goal. Investing with a plan and a measurable goal is a fundamental element to building a healthy and profitable portfolio; it can be easy to get overwhelmed by the vast options of dividend-paying companies on the markets. To understand which dividend-paying companies and yields work best for your investment strategy, you want to learn what they are, including how they work or how they can benefit you.

Dividends are a form of payout granted to a company's shareholders based on the company earnings. Payouts are distributed monthly, quarterly, semi-annually, or annually depending on the company's dividend calendar. The dividend is paid based on a company's profits and distributed per share based on the reported annual yield of the stock price resulting in what is known as the dividend rate. The dividend "yield" is the percentage paid per share based on the stock price, and the "rate" is a dollar amount calculation of what that payout is. To qualify for a company's dividend you must hold shares of the company before the reported ex-dividend date. The ex-dividend date is the date set before the cut-off period known as the record date. Selling all the shares you may hold before the ex-dividend date will lead to your disqualification for the payout but, if you keep your shares of the company through the ex-dividend and record date, you will keep your eligibility.

Companies maintain the ability to reduce, suspend or terminate their dividend program based on profits and sustainability. In turn, companies also can increase, reinstate or create a dividend program if they see fit to do so. Dividends are not available in options trading but have been used to generate a streamlined income used to trade options. Although Options do not pay dividends, you do have various other tools available that do, i.e. ETFs, Stocks and Mutual Funds. They are helpful as capital for other forms of investing/trading, such as DRIP (dividend reinvestment plan). "DRIP" is when the dividend payout is automatically reinvested into the company for additional whole or fractional shares, depending on the dividend's total amount and the share price.