



Dividend stocks, explained

Getting paid to wait

Profit sharing, in cash

Dividend stocks pay you regular cash from company profits. The yield is the annual payout divided by the stock price. A \$2 dividend on a \$50 stock is a 4% yield.

The quiet engine of returns

Reinvested dividends have driven a huge share of the market's long-term gains. The payout buys more shares, which pay more dividends. Time does the heavy lifting.

High yield can mean distress

If a stock crashes, its yield looks fat because the price collapsed. An 8% yield on a dying company is not a gift. It is the market pricing in a dividend cut.

The payout ratio

Dividends divided by earnings. Below 60% is sustainable. Above 100% means the company pays out more than it earns. That never lasts. Check the ratio before chasing the yield.



Verified flow.
Zero hype.

Follow @zerogammarsearch
zerogammarsearch.com