

**Dividend Investing Made  
Easy**

**Earn Passive Income  
Online**

**Written By  
Anthony Aries**

## Contents

Chapter 1 - What Is A Stock dividend? .....	3
Chapter 2 - What Is Dividend Investing? .....	6
Chapter 3 - The Advantages Of Dividend Investing .....	9

## **Chapter 1 - What Is A Stock dividend?**

What is a stock dividend? A dividend is actually a return of profits from the corporation to its investors. When a company earns a surplus or a profit, it may pay out a certain percentage of that profit in dividends to its investors. Any extra amount not paid out is then invested by the corporation in its own shares. There are many different types of dividends, but in this article we'll be focusing on what exactly is a stock dividend.

What is a cash dividend? A cash dividend is paid out of profits. Most commonly, this type of dividend is paid out to the shareholders of a company in the form of cash. A cash dividend is generally thought of as being annual, because it is technically earned per year.

What is a stock dividend? A stock dividend refers to any dividend payment that a shareholder of a company receives. These payments happen regularly, either semi-annually or annually, with the most common time periods being in January and February. The reason for companies paying out these payments is usually to attract new investors. Investors tend to like stocks that offer regular dividends.

What is a quarterly dividend? A quarterly dividend payment is given out for a set number of stock shares during a calendar quarter. Many dividend stocks offer greater dividends in the first half of each year. However, they also lose value in the second half of the year. Many investors prefer to invest in dividend stocks that pay out both full and half years' worth of dividends. This way they are always getting more value for their money.

What is a half-year dividend? A half year dividend payment is an offer made by an investor to sell his shares of stock for a certain amount in order to receive a specified number of full points of principal interest. Most investors only receive half year of dividends unless they choose to sell all of their shares. However, many companies do allow investors to buy up to a maximum of five percent of their company's stock at any given time. This allows the investor to receive a large dividend payment, but also allows him or her to keep some of the company's profits.

What is a dividend reinvestment plan? A dividend reinvestment plan is when an investor buys shares of stock that have been purchased in a company's capital and invests them back into the company's stock. This is done so that the company can continue to pay out dividends to its investors. A company will use this method of dividend payment to keep itself financially healthy. It will also allow the company to remain competitive, as well as make some money off of its shares.

Another question that many ask is what is a cash dividend? If a shareholder receives regular payments from a company, such as in the form of regular dividends, then this is considered a regular cash dividend. In general terms, a regular cash dividend is one that gives back a portion of a company's stock price each year. A company may pay a cash dividend once per year to its shareholders or it may pay them out continuously depending on the laws governing its distribution.

How is a stock dividend used? This depends on the circumstances of each company. For example, in some cases, a company uses a stock dividend to finance an expansion project. In other instances, the company will use

the money received from stock dividends to hire workers or buy new equipment. Whatever the case may be, a company that receives regular payments from a large number of investors, namely institutional investors, can use the money to do a lot of different things.

## **Chapter 2 - What Is Dividend Investing?**

What is Dividend Investing? Essentially, it is investing in companies that regularly issue dividends. A dividend is a fixed payment officially approved by the Board of Directors of the issued company which is distributed to all shareholders of record on a specified date. Dividends are normally paid by company profits and are distributed to the shareholders of record of specified categories of the company's stock. Generally, dividends are applied only to the shareholder or members of a corporation, and there are no restrictions on the size of dividend or its distribution.

Dividends can be used as an alternative to regular stock investing. One of the advantages of these types of investments is that they offer higher interest rates than most other forms of investment. In addition, there is a much smaller risk of losing money when compared with other stock investing options. Because many dividends are given out regularly, they are tax-exempt and don't need to be reported to the IRS.

There are basically two types of dividend investing. One pays a fixed amount per share and another pays a variable amount per share periodically. Generally, the longer the term the more expensive it will be; however, the advantage it gives to shareholders is what makes it so attractive.

A fixed dividend payout ratio is one of the most important aspects of dividend investing. It shows investors how much money the company is expected to earn from dividends. Ideally, this ratio should be around 40 percent. The payout should also be increasing over time so that more money can be reaped by shareholders.

Many businesses will offer lower payments in exchange for faster growth rates. As a result, dividend investors have to weigh whether they would like to see their profits grow at a faster rate or not. It is also important to consider the potential losses that could be incurred if growth rates are not as high as expected. Some companies that offer high dividend yields but are experiencing slower growth rates may still be successful, but only at a lower level.

Another aspect of dividend investing is the idea behind the company offering the shares. The idea behind this is to make sure that more money stays in the hands of shareholders as possible. If the company pays out low dividend yields but makes a lot of profits, that does not bode well for the future of that business. Investors should focus on companies that have a history of success that is built on solid fundamentals. For instance, a business that has been in business for several years is a good indicator that the business could continue to do well. By purchasing shares of that company, you will be ensured that your portfolio will be diversified and that risk is minimal.

Dividend Investing is an ideal way for investors to increase their portfolio liquidity, especially if the dividends are paid on a monthly basis. By purchasing shares of any business that issues dividends regularly, investors are ensured that they do not miss out on any of their share income. There is no reason why dividend paying stocks should not be part of any investor's portfolio. There are also many reasons why investors should reinvest these dividends in additional shares of stock. Anytime there is money being reinvested, that means there is the possibility of seeing an overall increase in the value of the portfolio.

Dividends allow investors to receive a portion of the profits that the business is generating. This means that the owner of the business is able to retain more of his profits for future growth or other uses. In fact, it is possible to calculate a return on investment (ROI) using the dividend yield. A high dividend yield can generate positive cash flow. If the company that yields the dividend is generating sufficient income, then the ROI can become positive.



## **Chapter 3 - The Advantages Of Dividend Investing**

You have probably read or heard about the advantages of dividend investing. This is one investment strategy that you must understand if you are going to get started with your own dividend-paying portfolio. This type of investing is not for the faint of heart and may not be right for everyone. However, if you have a good personality and a desire to build a diversified portfolio of stocks that have low overhead then this is an excellent way to invest for the long term. If you are able to follow a few simple rules then you can start a portfolio like this today and begin to see real results in a very short period of time.

The most important advantage of dividend investing is that it is passive. This means that you don't have to keep track of quarterly earnings reports, share price fluctuations, or think about how a company could use new opportunities to earn more money. All you have to do is invest your money passively and let the money grow without you having to think about where it is coming from. The rule of thumb for deciding whether or not to buy shares is whether or not they fit in with your overall investment plan. If you need a lot of money to invest then you will be looking at the equity tips offered by books like *Stocks and bonds For the Long Term*.

On the other hand, you can find many excellent mutual funds that offer excellent growth stocks that will fit right in with your overall portfolio if you are willing to take the time to learn about which stocks are going to perform well according to historical data. If you are able to educate yourself about which dividend investing stocks are really earning a lot and which ones are performing poorly then it

will not be so difficult for you to decide if you want to buy them or not. The best thing that you can do is to talk to someone who is already an experienced dividend growth stock investor. There are many experts on the Internet who can help you get started with this type of investing and teach you which stocks are doing well and which ones need more work.

One advantage of this investing method is that you do not have to pay a lot of attention to the details of your portfolio. In other words, you are not going to have to keep a watchful eye on quarterly profits and the profit margin. If you find that the dividends are not coming in as expected then all you will have to focus on is making sure that you maximize your return on investment through the use of your capital. This means that you can put your attention elsewhere if necessary. Of course, if you are careful and make sure that you do not jeopardize your entire portfolio then you should be alright.

The biggest disadvantage of this method of investing is that you do not control the price of the stock. You cannot demand that the stock prices go up or down during any particular period. You are merely buying shares at the pre-determined price. This makes it easier for people who want to invest small amounts of money without having to worry about losing all of it if the company goes bankrupt.

However, some people enjoy this form of investment because they are able to receive high-compounding returns. This is because the dividend paying companies like to give back their shareholders every now and then. These companies like to reward their shareholders for holding on to their stocks. Hence, instead of just being paid a fixed amount monthly, these investors can now be entitled to a

certain amount as a payout. As such, their cumulative income is increased by a considerable amount when these stocks perform well in the market.

There are also advantages associated with this form of investment because it can benefit those investors who are interested in investing small amounts of money but who do not have access to significant cash reserves. For starters, this type of investment allows them to earn a higher rate of return. This is because you do not need to pay out a huge amount of capital to start seeing significant returns in your investment. As such, you can take advantage of this type of investment without having to put up too much of a financial investment. By doing so, you will be able to achieve a comfortable level of living as you continue to dividends on your investment.

The advantages of dividend investing are clear. However, as always be reminded, there are some disadvantages as well. One of the disadvantages of this form of investment is that it may not provide growth. Growth in this case is defined as an increase in the value of the dividend per share that an investor receives. With that said, if you are looking for a safe yet lucrative investment vehicle to help you attain a more stable financial situation in the future, then you might want to think about growth investing instead of dividend investing.