

Title: Get Dividends Or Buy Trying

Author: RatioAtBlessons

Created 2021-05-15 15:38:13 UTC

Permalink: /r/ratioatblessons/comments/nd1leh/get_dividends_or_buy_trying/

Url: /r/dividends/comments/jkk5oh/my_complete_guide_to_dividend_investing/

Is_self: False

Linked Post:

Body:

****Where to Start?****

* "Get Rich with Dividends" is a great book that provides a foundational understanding of Dividend investing. The pdf can be found here: <http://psulibrary.palawan.edu.ph/wtbooks/resources/pdf/908250.pdf>

* It is around 200 pages but is a very easy and informational read. Even if you are familiar with dividend investing, it can be useful to read up on certain chapters that you are unfamiliar with

* There are basic ideas fundamental to dividend investing

* Dividend Compounding/Reinvesting, Dividend Yield, Dividend Growth, Payout Ratio

* Dividend Company Categorization: Dividend Champions, Dividend Contenders, etc.

* Dividend ETF's: <https://www.investopedia.com/articles/investing/120415/how-dividendpaying-etfs-work.asp>

* Drip Investing: <https://www.investopedia.com/terms/d/dividendreinvestmentplan.asp>

****How to Pick Dividend Stocks?****

* Spreadsheet of dividend paying companies along with key metrics

* <https://www.dripinvesting.org/tools/tools.asp>

* Since the users are international, this tool does have dividend data for Canada, Europe, Eurozone, and UK

* The only downside of this tool is that it is updated monthly. Therefore, I would recommend using it to find dividend stocks you are interested in and to put them on your watch-list.

* I created a website that collects the same data as dripinvesting but uses an API to update daily. Due to self promotion rule, please feel free to pm for a link. The tool below is similar but less detailed.

* Dividend Screener Tool

* <https://www.marketbeat.com/dividends/screener/>

* Has several important metrics but not as comprehensive as the spreadsheet above

* Checking historical performance

* [<http://www.tickertech.com/cgi/returns.mpl?symbol=O&smmonth;=01&sday;=01&year;=1995&emonth;=10&eday;=29&eyear;=2020&compareto;=SPY&other;=>)

* I especially like this tool because you can compare the value of an investment in a stock over time with dividends reinvested

* Understanding your own personal goals

* This is honestly one of the most important things in my opinion. Depending on your goals and timeline, the metrics you value will vary. With that said, you must acknowledge that dividend investing is a long term investing strategy. Compounding takes years and requires reinvesting dividends. You can use this tool to determine what kind of dividend yield and compounding you would need to reach your goal:

<https://www.dividend-calculator.com/monthly.php>

****Tracking Your Dividends****

* DivTracker (app, free): Tracks your portfolio value, yield on market, yield on cost, yearly income, cost basis, and has several cool features. Contains a calendar with dividend payouts and displays the dividends you are expected to receive in the year. The cooler features are not free, however.

* The Rich (app, free): Similar to DivTracker for the most part and has a nice UI

* There are definitely more tools out there that maybe other users can add. Regardless, tracking your dividends is important to make sure that you are meeting your goals and to keep you motivated

****Brokerage****

* I don't really have a preference but below is a list of brokerages that support fractional shares and DRIP as that might be important to some investors

* M1, Fidelity, TD Ameritrade, Vanguard, Charles Schwab, E Trade

****Options****

* Selling Puts:

<https://www.lynalden.com/selling-put-options/>

* Covered Calls: <https://www.optionsplaybook.com/rookies-corner/writing-covered-calls/>

* The strategy is often referred to as the wheel:

<https://optionstradingiq.com/the-wheel-strategy/>

* Here is a very comprehensive book to options: [[http://terredegaia.free.fr/ppics/Trading/Mcgraw-Hill%20-%20Option%20Pricing%20And%20Volatility%20-%20Advanced%20Strategies%20And%20Trading%20Techniques%20-%20Sheldon%20Natenberg%20-%20\(1994\).pdf](http://terredegaia.free.fr/ppics/Trading/Mcgraw-Hill%20-%20Option%20Pricing%20And%20Volatility%20-%20Advanced%20Strategies%20And%20Trading%20Techniques%20-%20Sheldon%20Natenberg%20-%20(1994).pdf)]([http://terredegaia.free.fr/ppics/Trading/Mcgraw-Hill%20-%20Option%20Pricing%20And%20Volatility%20-%20Advanced%20Strategies%20And%20Trading%20Techniques%20-%20Sheldon%20Natenberg%20-%20\(1994\).pdf](http://terredegaia.free.fr/ppics/Trading/Mcgraw-Hill%20-%20Option%20Pricing%20And%20Volatility%20-%20Advanced%20Strategies%20And%20Trading%20Techniques%20-%20Sheldon%20Natenberg%20-%20(1994).pdf))

* It is over 400 pages, so I would advise reading it if you are very interested or you want to read specific subsections relevant to dividend investing

* Options are definitely not necessary to succeed as a dividend investor. If done correctly, it can provide benefits such as lowering your cost basis. There is obviously risk involved and requires a more hands on approach than simply buying stocks.

****Tax****

* This is an important point to consider. Given that the audience is international, it is probably in the best interest for you to do your own research. Understanding how dividends are taxed obviously increases the amount of money you receive from dividends

****My Personal Tips****

* Dividend investing is a long term strategy and requires reinvesting dividends for maximum potential

* I see a lot of people focused simply on dividend yield, and I would advise caution against it. The consistency of dividends and a growing dividend is key to amazing returns. Therefore, payout ratio, number of consecutive years of growing dividends paid, and dividend growth rate should be at the top of your list when screening stocks alongside dividend yield.

* When evaluating a company, don't just think about how much they will pay you today but whether or not they will be able to continuously increase how much they pay you for years to come.

* If you have a strong understanding of dividend investing fundamentals, I would recommend investing in individual stocks rather than ETF's. Your portfolio is essentially your personal ETF without the fees associated. With that said, ETF's can be a great starting point for beginners and it's always a good idea to research the stocks that make up any individual ETF.

* Dividend investing can be a really hands off and stress free investing strategy if done correctly. The reason I am so passionate about dividend investing is because I feel that my money is working for me without much work from me. I put in a lot of time upfront to make initial investments but now I primarily just reap the benefits of it. I hope that I can share this appreciation for dividend investing to the community here and beyond.