

Name: _____

Dividends Activity



Dividends are a portion of a company's profits that are paid to shareholders. Newer, or start-up companies usually do NOT pay dividends because they use their profits to help their businesses grow --- building a bigger factory, hiring more workers, expanding into new markets, etc. The older, established companies sometimes pay their dividends.

A company might pay \$0.80 per share in dividends each year. That means if you own 200 shares of that company's stock, you'll get \$160 a year, or \$40 each quarter. You can spend the \$160, but if you're smart, you'll use it to buy more shares of the stock.

Most companies that pay dividends are from financially stable and mature companies, which means that the price of their stock is likely to steadily increase over the years. So, it's a win-win for shareholders --- they get dividend payments and over the long-term they profit from the increased stock price. In addition, well-established companies often increase dividend payments over time. For example, Coca-Cola paid a \$1.40 dividend in 2016 and \$1.48 in 2017. While there are no guarantees, a company with a reputation for reliable dividends that increase over time works hard not to disappoint investors.

Companies that pay consistent, rising dividends are likely to be financially healthy and stable. Their stock prices are not as volatile as the rest of the market. As such, they may be lower risk than companies that don't pay dividends.

Because many dividend-paying stocks are lower risk, they make an appealing investment for both younger people looking for a way to generate wealth over the long haul and older adults who want to build a steady income flow during retirement.

The companies below all pay dividends to shareholders. Investigate to see how much is the dividend? What is the price of a share of the company's stock? Would you buy it?

Company	Amount of Dividend	Price Per Share of Stock	Buy?
Apple			
Disney			
Home Depot			
Walmart			
Verizon			
Nike			
Exxon Mobile			

Explain why you would buy the stocks you marked
