

The Assignment: *This client needed an article about ETF Dividends to investors new to the ETF Market. The client requested the keyword phrase “ETF Dividends” which is why you will find it repeated within the article.*

How ETF Dividends Keep You On Track

ETF Dividends may just be the silver lining to a stock market that seems to be heading in negative territory.

At any point in an industry’s life or business cycle, sentiment may turn out of favor and the companies in that sector may experience a decline in the price of their stock. This doesn’t always mean the company is poorly run or unprofitable. In fact, some investors see the price declines of certain companies as an opportunity to buy shares at “sale” prices.

Sometimes, a decline in price simply means the company is part of a larger industry that is currently out of favor. Other times, it really does mean the company is having trouble. Having the right information so you can tell the difference is important. Having securities with ETF dividends is also important.

A dividend paying company is one that gives a portion of their profits to the shareholders. For many investors, these dividends can provide income desired to support their lifestyle. Other times the dividends are reinvested so the number of shares held by the individual increases. When reinvested, those periodic dividend payments compound to increase your wealth over time.

An ETF dividend fund includes companies in their pool of holdings that offer dividends to shareholders. So, even if the price of the stock declines to a level lower than when it was purchased, you will still have the opportunity to earn money with dividends. In this manner, ETF dividends can provide somewhat of a safe haven in an otherwise troubled market.

When a company can declare a dividend, it tends to tell you something about the strength of the company. For one thing, if a company is able to consistently declare and payout a dividend then it is more likely the company is actually making money. No amount of fudging the numbers or accounting voodoo can fake a dividend payout. ETF dividends search for these type of companies to include in their portfolios.

ETF dividend managers are constantly on the lookout for high-quality stocks. Their footwork can save you time. Additionally, if the purpose for ETF dividends is to possess income-producing holdings, then they are able to seek out companies from many industries in order to get the highest dividend yield.

This results in the opportunity for diversification in your portfolio. You are able to invest in several sectors with the shared goal of ETF dividends. You can determine what a “good” dividend yield is by comparing it to the dividend yield of a major average. For example, find out the current dividend yield of the Dow Jones Industrial Average and then look for an ETF dividend that mirrors or beats that average.

With the benefits of ETF dividends you can increase your portfolio’s value in most any type of market. You can learn these types of strategies and eliminate the mystery of accumulating wealth. Financial literacy is something everyone has access to.