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Buying the Best Dividend Stocks by Kipling Patel

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Dividend Stocks provide a great way to grow your retirement. This article includes advice on how to find the best dividend stocks and the best ways to profit from them as an investor.

Dividend Stocks and proper investing in them has proven to be an excellent way to grow your wealth. The keys are to find the best value stocks that have steady growth with increasing dividends. That is our specialty. If you want to learn about the best dividend stocks, then you have landed on the right article and you have the best website to guide you in the future. Here, you will be shown how to identify the high dividend stocks and also how to recognize the best dividend stocks.

What are the Secrets?

As we all know that the main objective of this kind of investment is to find the right dividend stocks to invest in. This can only be known if a person knows the right metrics to evaluate the dividend stocks. Here is some very useful information:

1. Calculating the Dividend Yield:

Calculating the yield is simple but important. Simply divide the dividend payout into the current price and that gives you the income yield. Typically, your goal should be to have over a 2% and sometimes as high as an 8%. Too high of a dividend yield is sometimes indicative of a stock that is too risky.

2. Look for Companies in with low Debt:

There is more profit with companies that have grown very successful and that have accelerated earnings but not at the expense of carrying too much debt. Make sure the debt is not more than normal the industry average. This kind of research is not always easy but thanks to the internet it is not impossible, as well. There are many sites that provide the debt ratios of the company and its industry and sector averages.

3. Focus Most of Your Research on Large Cap Dividend Stocks:

The market cap can be defined as the filter that separates the companies of different sizes into various groups. Large cap stocks are typically the safest in both protecting appreciation and growing the dividend. Look to the dividend stocks that most institutions buy and that are defensive. Focusing on consumer staples, utilities and the energy space are some of the best places to look. Companies like, Procter and Gamble (PG), Consolidated Edison (ED), and Exxon Mobil (XOM) are the types of top dividend stocks you should be looking at.

4. Attractive Valuations:

Looking for attractive valuations is a very important part of finding the best dividend stocks to invest in. Typically, we recommend looking for Price-to-Earnings ratios less than 15, the historic market average. The best metric is to look at the forward PE ratio to give you the best way of identifying future value and earnings. Looking for PEG ratios of less than 2.0, Price-to-Cash flow ratios of less than 10, and Price-to-Sales ratios of less than 2.0 are also good metrics.

5. Reinvest The Dividends

The very best way to grow your wealth is to reinvest the dividends. That is way to take advantage of compounding interest and the gains in the end are far greater.

If one follows all of these educational tips, they are sure to find the best dividend stocks. The key is research, as with anything. Once you gain the knowledge and get some experience, then you have the tools in this article to start growing your retirement. Remember to reinvest the dividends in the best dividend stocks and you will be well on your way to future riches.

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Kipling Patel - About Author:
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