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It is benefits of a prefered stock that is attracting a varied kind of investors. For instance, some invest with the hope of earning huge profits by indulging with direct selling and buying. Whereas, there are some who think making such investments is the best way of securing their retirement years.

Whatever might be the case, it is regular preferred stock dividends that almost every investor finds very lucrative. Constant flow in income by way of great dividends assures these investors that their investment decision was a wise move. On the contrary, a common shareholder does not enjoy this privilege making these stock sell like hot cakes.

Besides enjoying the benefit of yield to call, these stockholders have a liberty to convert these stocks into common stocks. This is generally done in a predetermined ratio.

The stockholder enjoys the freedom of being paid dividends before it is paid to common stockholders. In instances where the company undergoes through a liquidation process, these stockholders get priority in asset payments.

An assurance of regular monthly income is attracting investors in hordes. After all, the entire world economy is witnessing turbulent recessionary trends. In this situation, the avenues for assured income from financial instruments have dried up. In this gloomy scenario looming large in stock market, it has emerged as the safest bet for investors.

Not only this, if you have invested in cumulative prefered stock, you are more likely to receive your unpaid dividends at a later date. Better still, if it is a participatory type, you have better chances of earning added dividends in the event company makes good profits.

Companies prefer in issuing these stocks because it enables them to improve their balance sheet. All these features together with added tax concessions have made them best alternative to bonds. The only flipside is the non-existence of any voting rights. However, as long as investors are able to get their regular income, they are in no mood to complain!

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