

DIVIDENDS FOR MONTHLY CASH FLOW

By
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[Money Makes Life Easier](#)

[The 10 Minute Trader](#)

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Dedication

For all those people that are forced to live on retirement income and those that want to make the most of their invested dollars

INTRODUCTION

Is your IRA, 401k or the money you got tucked away under the bed not giving you enough money to live on every month? Are you aware that the economy is wreaking havoc on your buying power? Are these so-called experts that are handling your money doing well enough to give you the best returns?

If you are not getting at least 25% or better returns on your money every year... then someone is not telling you the whole story.

Maybe you just don't care about your hard earned money and whether or you can do better yourself. Whatever brought you to this book may just be an enlightened sense that it is time to take control of your own money. What ever the reasons ... here we are so lets get to it.

I'm not much for fluff, I like to get right to the point and keep this a short read as possible.

I am going to make this short and sweet

**No one has more interest
in your money than you!**

Chapter #1



What are the many pro's and con's about investing

Investing your own money into the stock market can be very risky and frightening. Some will find this too much to handle on their own, some will jump in with both feet. My advice is to find a middle ground that satisfies your needs until you become comfortable with your skill level.

You would think it is just buying and selling stocks, in a sense that's all there is to it but that explanation is overly simplistic.

However, when it comes to money, things are never as easy as we would like them to be.

I'm going to rattle off a few concerns and we can tackle them one at a time. In no specific order of importance.

#1 What is a trading platform and which is the best one for me?

That would depend on what type of trading you are going to do.

I like to use Think or Swim, it is the most versatile one that I have found. Some people like Just2Trade because it is the most economical, with the cheapest commissions. Others like Optionsxpress because it has an extremely simple look and is very easy to use. There are literally dozens to choose from. There is a complete list of all the online brokers in my book #

#2 What is the easiest trading strategy.

Buy stock for a low price and sell for a higher price, pay as little commission as possible. Sorry to be so simplistic. There are many easy trading strategies. It will basically come down to what you wanting to do and what do you expect.

Buying and selling stock is the easiest strategy. Buying stock and doing a covered call is more profitable but also a little more complex. Buying and selling options is easy too but options expire if you hold them too long whereas stocks don't expire. Also some option trading strategies are not allowed in some IRA accounts. This is just a small list of trades you can look at, the more complicated and time consuming tend to be the more profitable.

#3 What is the best trading strategy for me to reach my goals?

That depends on your goals as a trader, what are you trying to accomplish? I know this sounds a little childish but there really is not an easy answer for this. Buying and selling stock is a simple game... but what is the outcome you want from this game you want to have? All the players do not share your sense of nobility and have goals of their own in mind.

Buying and selling stocks in general really don't have an estimated average return. However implementing a trading strategy such as the covered call can net you 5-10% monthly returns. Dividend capturing can net 2-8% monthly with less risk. Options can give returns well

over 100% per month, however the risk escalates immensely as does the learning curve and skill level. Definitely not for the beginner traders. There are plenty more strategies that fall between unlimited returns and 2-4% monthly, but their skill levels and risk factors go hand in hand with the rates of returns. That is why I say it not an easy question to answer.

#4 How do I know what stocks to buy?

This would also depend on what type of trader you are and what you are trying to accomplish. I will be going into this a little deeper in the following pages. There are so many strategies it is a difficult topic to simplify.

#5 How do I simplify my trading?

That is the main topic I want to discuss in this book series. I will be getting to that soon. This also comes down to what type of investor you want to be and how much time you want to put into your efforts. If you have read the booklet on person traders profile that would make answering this question a little easier.

#6 What is the best way to open an account?

This is another question that is going to come back to “what are you expecting from stock investing?” Every investor has somewhere in their mind of some expectations with their investments. Once you come up with a realistic expectation that is the beginning point and everything else stems from that.

Here are some examples of what to expect.

Opening an Individual account opens you up to higher taxation as it will be considered regular income. Even higher taxes with short term trading that I am going to teach.

Individual account are also opens you up to personal lawsuits... meaning if you are involved in a lawsuit you could lose some or all of your investments. Yes, that includes divorce.

Individual accounts will allow you to have a “Margin Account”... meaning that the broker will let you buy stocks using half your money and half theirs. This is very good when it is good and very, very bad when it is not.

Individual accounts have to go through probate when that time comes, whereas a corporate accounts and trusts may not.

Corporate accounts pay 5% income taxes (here in Florida) whereas personal and joint accounts can pay as much as 65% and some trust accounts do not have to pay any taxes at all, if written properly.

Joint accounts are almost the same as individual accounts tax wise and margin wise. They, like anything else, have their pro's and con's too.

An IRA account has some limitations and some perks. Some IRA accounts are limited in the trading you can and can't do.

You cannot use margin in an IRA and that will affect your returns. Some IRAs are tax deferred and some are not. I do wish it was a simpler topic. But when it comes to money it is not simple at all.

You and only you have to be the decision maker in this situation... and it is not an easy decision to make. No one can stress the importance of this decision. The biggest and best profits come from a good entry and well planned strategy and that includes the type of account that purchases it in the first place. It has to be made by you and you have to do it.

Chapter #2

Let's start investing

Buying the right stock for the right reasons will give you what you are looking for, this book is specifically written for monthly cash flow. We want our money to give us some sort of spendable monthly income. If you have read any of my other books then you know that we like to invest in dividend paying stocks. They are safe secure and pay regular dividends. This way we know that we are looking for, only the stocks that pay out consistently, that means they are profitable and willing to share some of their good fortune with us... the investors. Dividend investing has a long standing tradition with the rich and powerful, they invest their money and live off the interest or dividend payments.

Dividend payers have a rather unique schedule, some pay every month, some pay every quarter (every 90 days) some pay twice a year and lastly the rest pay once a year.

There are a few key elements to keep in mind when buying these dividend stocks if we want a continuous flow of cash coming our way every month. The yield on a dividend stock is the amount of money that is given back to the investor in relation to the stock price. If the company is paying a 5% yield and the stock price is \$100 then the dividend would be \$5. You may or may not receive that in one large check. All dividend paying companies are under the impression that you are going to buy the stock and hold on to it. The yield posted is your return if you were to hold onto the stock for the whole year or longer. The company may pay out one big check or a bunch of little ones.

Here is how the yield gets a little confusing... If a company is paying out a 5% yield. You are receiving 5% return on your invested dollar... simple enough, right? Wrong! If the company pays out just one check per year then you do get the 5% return on your investment.

If the company pays out Biannually then you divide that by 2 and your ROI gets cut in half to 2.5% return.

Paying quarterly then we divide the yield by 4 and now you are down to 1.25% return for your investment.

Lastly, if the company wants to pay out monthly then that 5% dividend yield gets divided by 12 for a measly .41% ROI each time you buy and sell.

Setting up your account to get the maximum returns for your invested dollars is the whole purpose for this book series and [the10minutetrader](#) website. Simplifying trading and being very profitable is as easy as it sounds and almost anyone can do it.

There are over 252 trading days in most years, this year included. Monday thru Friday 9:30am to 4:00pm and with extended hours you can trade from 7am to 7pm. Each month has 20-25 trading days, if you remember from the first book of this series you only need to own the stock 2-3 days to make your profits... how many times per month can you buy and sell? When you are buying and selling these stocks are you going to be buying and selling the right ones to maximize your returns.

Let's say you buy on Monday, sell on Friday for the simplest example.

That would be four trades per month or 52 trades in one year.

A carefully planned out trading strategy implemented into a trading calendar, picking the best stocks from the thousands of dividend stocks that are paying out dividends.

Even if you can collect a minimum of .41% as in the example from above with every trade. After compounding this for a whole year it is well over the Wall Street average. Just imagine using a margin account then you can double that return (how ever a margin account does carry some additional risk that you may want to investigate before agreeing to do it).

Using one of our compound interest calendars you can see for your self how even a small amount of money invested consistently can add up fast.

MONEY MAKES LIFE EASIER
MONTHLY COMPOUNDING
CALCULATOR

Initial Deposit	\$ 15000
Periodic Deposit	\$ 200
Deposit Frequency	Monthly ▾
Interest Rate	3 %
Time Frame	Yearly ▾ 10
<input type="button" value="Compute Savings"/>	
Ending Balance	\$752146.92
Total Amount Invested	\$39000
Total Interest Earned	\$713146.92

This [monthly compound interest calculator](#) and the [weekly compound interest calendar](#) are for you to play around with to get a good grasp of what compounding can do for you and your investing.

Chapter #3

Setting up a trading calender

Are there some days better for trading than others? No! Not when it comes to dividends. With over 3500 profitable companies this year alone, there is always going to be some company getting ready to write a check to some lucky investor. There have been some days when you only get one or two companies to choose from and other days when there are over 300 to choose from.

Making sure you choose the right company for your investing goals starts with knowing what your investment goals are. I'm sure you have read through the Traders Profile to learn what type of trading you want to do and what type of trader you are.

With each and every trading day will have more than one dividend paying stock to choose from. Finding out what your rate of return is going to be is not as difficult as you may think. The yield is usually posted online from any financial website like **yahoo finance, the street.com, dividendium, dividend investor** and many others.

Once you have the yield you will need to divide it by however many times they pay their dividend, 1, 2, 4 or 12... that will give you your return on investment.

Another way to find out the return on investment could be found by dividing the dividend by the stock price. A simple math problem usually learned in elementary school will be useful.

All this still comes down to knowing your goals ahead of time and setting up a workable plan of action. Not only that but sticking to your plan and ignoring all the talking heads and media hype.

It is easy to get caught up in the hype and frenzy that is Wall Street and the stock market. Keeping a cool head and sticking to a great plan of action and you will come out on top every time.

Let's look at some of these stock lists and see how they can fit into a solid trading strategy.

List #1 The Dividend Aristocrats

The Dividend Aristocrats index was created by Standard and Poor's, to include companies in the S&P 500 which have increased dividends for at least 25 consecutive years. The companies included in this index are representative of several sectors, and thus the list is relatively well diversified. The stocks offer both capital appreciation potential as well as a growing dividend payment. Besides being a member of S&P 500 index, companies need to have a float of at least \$3 billion, an average daily trading volume of 5 million shares and have increased dividend distributions for at least 25 years in a row. Companies are deleted from the list, if they fail to increase or cut dividends in a given year. The keepers of this particular list are very strict in keeping to the outlined rules they have set in place.

The Dividend Aristocrats list is typically rebalanced once per year in December. The number of constituents bottomed at 42 in 2010, and increased to 50 in 2012.

Recently, Standard and Poor's announced that it would take into account special dividends in its determination of a streak of 25 years of dividend increases in a row. As a result, several new companies were added to the index:

Untitled spreadsheet : Dividend Aristocrats 2012

Constituent Name	Constituent Symbol	Yrs Dividend Increases
3M Co	MMM	53
AFLAC Inc	AFL	29
Abbott Laboratories	ABT	39
Air Products & Chemicals Inc	APD	29
Archer-Daniels-Midland Co	ADM	36
AT&T	T	27
Automatic Data Processing	ADP	37
Bard, C.R. Inc	BCR	40
Becton, Dickinson & Co	BDX	40
Bemis Co Inc	BMS	28
Brown-Forman Corp B	BF/B	28
Chubb Corp	CB	46
Cincinnati Financial Corp	CINF	51
Cintas Corp	CTAS	29

Colgate-Palmolive Co.	CL	48
Clorox Co	CLX	34
Coca-Cola Co	KO	49
Consolidated Edison Inc	ED	37
Dover Corp	DOV	56
Ecolab Inc	ECL	19
Emerson Electric Co	EMR	55
Exxon Mobil Corp	XOM	29
Family Dollar Stores Inc	FDO	35
Franklin Resources	BEN	30
Genuine Parts Co.	GPC	55

AT&T Inc. (T), together with its subsidiaries, provides telecommunication services to consumers, businesses, and other service providers worldwide. The company has raised dividends for 27 consecutive years. Yield: 5.90% (analysis)

HCP, Inc. (HCP) is an independent hybrid real estate investment trust. It primarily invests in properties serving the healthcare industry including sectors of healthcare such as senior housing, life science, medical office, hospital and skilled nursing. The company has raised dividends for 26 consecutive years. Yield: 5.50% (analysis)

Sysco Corporation (SYY), through its subsidiaries, engages in the marketing and distribution of a range of food and related products primarily to the foodservice or food-away-from-home industry. The company has raised dividends for 42 consecutive years. Yield: 3.70% (analysis)

Illinois Tool Works Inc. (ITW) manufactures a range of industrial products and equipment worldwide. The company has raised dividends for 48 consecutive years. Yield: 3.30%

Genuine Parts Company (GPC) distributes automotive replacement parts, industrial replacement parts, office products, and electrical/electronic materials in the United States, Puerto Rico, Canada, and Mexico. The company has raised dividends for 55 consecutive years. Yield: 3.50% (analysis)

Medtronic, Inc. (MDT) manufactures and sells device-based medical therapies worldwide. The company has raised dividends for 34 consecutive years. Yield: 3% (analysis)

Colgate-Palmolive Company (CL), together with its subsidiaries, manufactures and markets consumer products worldwide. The company has raised dividends for 48 consecutive years. Yield: 2.70% (analysis)

T. Rowe Price Group, Inc. (TROW) is a publicly owned asset management holding company. The company has raised dividends for 24 consecutive years. Yield: 2.40% (analysis)

Franklin Resources Inc. (BEN) is a publicly owned asset management holding company. The company has raised dividends for 30 consecutive years. Yield: 0.90%

The only company, removed from the index includes CenturyLink (CTL). Together with its subsidiaries, operates as an integrated communications company. The company has maintained its quarterly dividend at 72.50 cents/share for two years, which is why it is being kicked out of the index after raising distributions for 37 years in a row.

Genuine Parts Co.	GPC	55
Grainger, W.W. Inc	GWW	40
Hormel Foods Corp	HRL	46
HCP Inc	HCP	26
Illinois Tool Works	ITW	48
Johnson & Johnson	JNJ	49
Kimberly-Clark	KMB	39
Leggett & Platt	LEG	40
Lowe's Cos Inc	LOW	49
McCormick & Co	MKC	26
McDonald's Corp	MCD	35
McGraw-Hill Cos Inc	MHP	38
Medtronic Inc.	MDT	34
PPG Industries Inc	PPG	40
PepsiCo Inc	PEP	39
Pitney Bowes Inc	PBI	29
Procter & Gamble	PG	55
Sherwin-Williams Co	SHW	33
Sigma-Aldrich Corp	SIAL	35
Stanley Black & Decker	SWK	44
Sysco Corp	SYW	42
Target Corp	TGT	44
T. Rowe Price Group	TROW	24
VF Corp	VFC	39
Wal-Mart Stores	WMT	37
Walgreen Co	WAG	36

While I initially considered the Dividend Aristocrat's index the cream of the crop and the first stop in our dividend research, the volume and capitalization requirements have somewhat turned me off of the index.

For example, companies which have managed to raise dividends for over a 25 years with a market capitalization of less than \$3 billion and average daily volume of less than \$5 million dollars would not be included. That brings us to the next great stock list.

List #2 Dividend Champions

Dividend Champions - The Best List for Dividend Investors,
Investors who are looking for quality stocks that regularly raise dividends have several lists available as a starting point in their research.

This is the reason why I prefer to use the Dividend Champions index instead. The only drawback of the Champions index is that the total returns are not calculated, whereas the total returns on the S&P Dividend Aristocrat's index are.

The dividend champions list includes all stocks traded in the US, which have raised dividends for at least twenty-five consecutive years.

N, APD, MO, AWR, ADM, T, ADP, BDX, BMS, BKH, BWL, BRC,
BF-B, BCR, CWT, CLS, CVX, CB, CINF, CTAS, CLC, CLX, KO, CL,
CBSH, CTBI, CTWS, ED, DBD, DCI, DOV, EFSI, EV, EMR, EGN, XOM,
FDO, FRT, BEN, APC, GRC, FUL, HCP, HP, HRL, ITW, JNJ, KMB, LANC,
LEG, LOW, MKC, MCD, MHP, MDT, MCY, MGEE, MSEX, MSA, NC, NFG,
NDSN, NWN, NUE, ORI, PH, PNR, PEP, PNY, PBI, PPG, PG, STR,
RAVN, RLI, RPM, SHW, SIAL, SJW, SON, SWK, SCL, SYU, TROW,
TGT, TDS, TNC, TMP, TR, UGI, UBSI, UVV, UHT, VAL, VVC, VFC,
GWW, WAG, WMT, WRE, WEYS, WGL

I prefer the dividend champions list over the dividend aristocrats index, since it is more complete and does not have artificial requirements such as index membership or minimum trading volume.

These requirements are typically irrelevant to long-term dividend investors, who focus on fundamentals that could support a growing distribution, not on day to day market fluctuations. Currently there are 97 dividend champions, which yield 2.94% on average. Some notable dividend champions include Colgate-Palmolive (CL), Procter & Gamble (PG) and Coca-Cola (KO). Colgate-Palmolive (CL) has consistently raised dividends for 47 years in a row, but for some strange reason is not a part of the dividend aristocrats index.

This is a great example why focusing on the dividend champions list could provide a more comprehensive selection of elite dividend stocks. Another dividend champion is Altria Group (MO). The only reason why the company is not on the dividend aristocrat list is because its dividend payment is lower due to the spin-off of Phillip Morris International (PM) in 2008 and Kraft Foods (KFT) in 2007. Other than that, the tobacco company has managed to increase dividends for 43 years in a row. Of course that will bring up another great list of companies.

List #3 Dividend Achievers

Another popular list includes the Dividend Achievers Index, which includes almost all companies traded on US exchanges which have consistently raised distributions for over one decade, and which also meet a certain liquidity threshold as well. This is by far the most comprehensive list of dividend growth stocks available.

The 2012 edition of The Dividend Achievers was recently released. The increase to 211 companies was made up of these additions and deletions:

Companies Added To The Index

Southern Company
(SO) | Yield: 4.2%

Monsanto Company
(MON) | Yield: 1.4%

Nike, Inc.
(NKE) | Yield: 1.4%

Norfolk Southern Corp.
(NSC) | Yield: 2.6%

Magellan Midstream Partners L.P.
(MMP) | Yield: 4.8%

W.R. Berkley Corporation
(WRB) | Yield: 0.9%

Harris Corporation
(HRS) | Yield: 2.7%

Nustar Energy L.P.
(NS) | Yield: 7.4%

Royal Gold, Inc.
(RGLD) | Yield: 0.8%

Senior Housing Properties Trust
(SNH) | Yield: 6.6%

Nu Skin Enterprises, Inc.
(NUS) | Yield: 1.3%

Inergy, L.P.
(NRGY) | Yield: 15.1%

Delphi Financial Group, Inc.
(DFG) | Yield: 1.1%

Valmont Industries, Inc.
(VMI) | Yield: 0.7%

Watsco, Inc.
(WSO) | Yield: 5.5%

Sanderson Farms, Inc.
(SAFM) | Yield: 1.4%

1st Source Corporation
(SRCE) | Yield: 2.5%

Tompkins Financial Corporation
(TMP) | Yield: 3.5%

Republic Bancorp, Inc.
(RBCAA) | Yield: 2.4%

Cass Information Systems, Inc
(CASS) | Yield: 1.7%

Arrow Financial Corporation
(AROW) | Yield: 3.7%

Connecticut Water Service, Inc.
(CTWS) | Yield: 3.0%

Companies Removed From The Index

CenturyLink, Inc.
(CTL) | Yield: 7.7%

Getty Realty Corporation
(GTY) | Yield: 5.8%

Hudson City Bancorp, Inc.
(HCBK) | Yield: 4.8%

Harleysville Group Inc.
(HGIC) | Yield: 2.7%

Harsco Corporation
(HSC) | Yield: 3.6%

Investors Real Estate Trust
(IRET) | Yield: 6.8%

NSTAR Common Stock
(NST) | Yield: 2.5%

Shenandoah Telecommunications
(SHEN) | Yield: 3.3%

Universal Forest Products, Inc.
(UFPI) | Yield: 1.2%

Meridian Bioscience Inc.

(VIVO) | Yield: 4.3%

List #4 Dividend Challenges

The dividend challengers list includes companies which have raised dividends for at least five years in a row. Most of the companies on this list would probably stop growing distributions sometime before hitting the tenth year of dividend growth, particularly if it was a function of the companies being at the right place at the right time. However there is a big chance that this list includes the next dividend king like Procter & Gamble (PG), which would raise distributions for the next 50 years.

Some notable dividend challengers include Intel Corporation (INTC), Waste Management (WM) and Oneok (OKE). Intel and Waste Management have raised distributions for seven years each, while Oneok Inc (OKE) has raised distributions for eight consecutive years.

Although these lists do break down most companies trading in the SP 500, the list doesn't really tell you when to actually trade these companies and which trading strategy is best to use. A list with actual dates can be found on our [website here](#), better yet as a

[subscriber](#) to our services we send out a list of stock every couple days that we are actually trading ourselves.

Having some one to watch over their should is what we are dedicated to doing, Video tutorials along with live online webinars where you can see what it is that we are actually trading ourselves.

Check out our [webinar schedule](#) for dates and times. These list can have you running ragged just trying to figure out who is paying out a check on what date and when is the best time to buy one of these stocks.

Thank you

James A Gaudino Sr.

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