

Should You Take the Dividend Blood Oath?

I have always been passionate about dividends, and if you learn to understand their power, you will be too.

I even told readers in 2002 to take a blood oath to buy only dividend payers. Alarmed? While I was joking about the blood oath, I was very serious about the power of dividends in an investment portfolio, and I still am.

Here's what I wrote:

As to dividends, not long ago, Fortune ran a nice piece, "Reap the Dividends." Fortune wrote, "According to Ibbotson Associates (I love their work), if you had invested \$100 in the S&P 500 in 1926 and continually reinvested the dividends, that stake would be worth \$247,352 today. Without dividends that same \$100 would now be worth just \$9,844." Read what I just wrote out loud to your spouse. And then take your thou shall buy only dividend payers blood oath together. Your blood oath will keep you out of a pack of trouble. Boards of directors that raise dividends with regularity must believe their company is moving forward. If not, dividend increases would not be voted. You will further insulate yourself from risk if your dividend payers have a strong balance sheet with a reasonable debt load. And no debt is best of all, but rare today.

If you would like to learn more about how dividends can help you achieve your retirement goals, download *Dividend Investing: A Primer*. It is packed with information about why dividends must be part of your investment portfolio. [Click here](#) to download a free copy of the report from Richard C. Young & Co., Ltd.