

Section 1: Basic Company Information

Company Name: _____ Ticker Symbol: _____

Sector: _____

Section 2: Company Dividend Profile

Current stock price: _____

Current dividend amount: _____

Current dividend yield: _____

Dividend payout as % of earnings: _____

5-year Dividend growth rate: _____

What months / dates are the dividends paid? _____

When do the dividend increases occur (which month)? _____

Introduction

The objective of this worksheet is to help you identify the companies you'd like to invest in as part of your Elephant's Paycheck Blueprint. The worksheet analysis is meant to be comparative. You will use the worksheet to look at a bunch of different companies and then pick the ones you feel are best for you. You will not look at a single company and determine if it's "good" or "bad".

This worksheet is an educational mechanism as well as a practical tool for selecting your investments. It's meant to help cut through the confusion around investing and help get you started. In this way, this worksheet is also the first step in empowering you to be involved in the success of your financial future.

Here's what we'll accomplish with this worksheet:

1. Pick some potential companies to invest in from the list of [dividend aristocrats](#). Feel free to pick companies from the list whose products you enjoy using, or companies whose social attitude you admire. These companies are more likely to get and keep you interested in learning about their business.
2. For each company, you'll complete 2 analysis:
 - A. Basic company information
 - B. Dividend profile

Even if you intend to invest in 2 or 3 companies, analyze a whole bunch for practice. The practice will make you familiar with the basic concepts important to The Blueprint and help demystify the whole investing thing.

When we're done, you will summarize all the worksheets into a comparison chart and pick the company or companies you want to invest with. It's that simple.

If you have any questions, need clarifications, or just have feedback, my email address is db@elephantspaycheck.com. Use it freely.

By the way, if someone has shared this with you - fantastic! Please [have a look at the book](#) that inspired the worksheet.

How to Find Information on Your Companies

Let's review two tools you can use for research. We'll use Fidelity's free research website for stock prices and analytics and the company's own sites for news.

1. Brokerage websites.

Do you have a retirement account (IRA) or 401K? Then you most likely have a brokerage account.

Are you investing today? You also have a brokerage account.

If you don't have one you will need to open one when you rollover your 401K. I use and recommend Fidelity. [Fidelity has some free research on it's site](#), so you can get a feel for Fidelity before committing.

2. The company's own investor relations web page.

Every public company has an investor relations section on their website. You can find it by going to the company's main page, and looking for a link to "investor" or "investor relations" on the main page or on the about page.

The investor relations page is targeted at both financial analysts and individuals, and therefore has really easy to understand information. It's a good source of "plain English" communications about the company in a variety of media formats (presentations, press releases, audio recordings, etc). You will use the investor relations page as a way to keep track of your investments and how they perceive their business.

Worksheet Instructions

Section 1: Basic Company Information

After the company name you'll see a field for 'ticker symbol'. The company's ticker symbol is its unique identifier on "the market". You can use that symbol to look on any financial site and find information about the company and its stock.

Go ahead and find your company's ticker symbol by looking at the dividend aristocrat spreadsheet attached to the book. It's the second column.

The final element of the first section is finding the company's **market sector**. We don't care what it is for any individual company. In order to diversity a little, we want to make sure that we put our investments in companies across multiple sectors. If you decide to invest in multiple companies (step 4 in the book) you should make sure that they are spread across different sectors.

Let's use Proctor & Gamble (ticker: PG) as an example. We'll use [Fidelity's free stock research site](#) for research. Head over to the site and type PG (the company symbol) into the field on the top left (the 'Stock Details' box). Hit go.

On [the resulting page](#), look for the section 'Company Profile'. You'll see that PG is in the 'consumer staples' sector and 'household products' industry. It's hierarchical. A sector is made up of many industries.

Curious what other industries are contained in consumer staples? Just click 'consumer staples' and it takes you to [a page with more sector details](#). You'll see a tab titled '[industries](#)'.

From the same page, you can also click on '[overview](#)' on the left side of the page to see what other sectors are used to describe companies.

Mostly these industries and sectors are a way for market professionals to better understand company and industry behavior. Companies within the same sector or industry should have similar characteristics, making them easier to compare. Comparisons can be made across industry as well to gain a better understanding of the overall market. This sort of analysis is important to professionals, less so to individuals other than making sure all your investments aren't subject to the same economic patterns.

Generally speaking there is more to diversification than just picking companies in different sectors. For simplicity it's enough to select investments across a few different market sectors.

Let's look at the details of the company itself to **learn more about its dividend profile**.

Section 2: Company Dividend Profile

The goal of this section is to have a look at the company's dividend and financial information to understand its dividend profile. This information doesn't necessarily tell us whether a company is "good or bad". Instead, you'll complete the worksheet for a few companies and be able to see how they compare in terms of dividend safety and dividend growth.

Current Stock Price. Head over to [Fidelity](#), and enter a ticker symbol or company name into the "Enter Company or Symbol" box in the top left (just under the home menu). The snapshot pulldown under the ticker field returns basic financial information. The current stock price is listed just under the company name. If you use a sites like Google or Yahoo, when the market is open (generally 9:30-4PM East Coast Time) the stock price will be moving around a bit. Don't worry about small daily changes. We are concerned with the ratios between numbers and small fluctuations won't meaningfully impact the ratios.

Current Dividend Amount & Dividend Yield. At the bottom of the quote page from the prior section, there's a link for "detailed quote". Click that. That takes you to a page with more details where you'll find the (quarterly) dividend amount and annualized yield. The yield is the annual dividend divided-by stock price. You'll also find the "dividend pay date" in that chart. You'll need that later, so jot it down at the bottom of section two.

Dividend payout as a percentage of earnings. A company makes a dollar (per share), and pays a dividend of \$0.50. A second company makes a dollar (per share) and pays a dividend of \$1.10. What do you think? I'd say, the second company might have a weaker position than the first. The second company is paying out more than they earn. Compared to the first company who has plenty of room for earnings to decrease and still comfortably afford to pay the dividend. Keep in mind that even in accounting, nothing is really black-and-white. The second company may have had an extra-ordinary expense, and if we looked we'd see that they can easily continue to pay the dividend. Profit is not always tied into cash flow, which means that from an accounting perspective the company might be showing a loss, but still have plenty of cash to pay the dividend. Of course, the same could be true for the first company. They might have had an extraordinary gain but really can't afford their dividend. We'll show you how to find this out.

Head to [Fidelity.com](#), enter PG select "dividends" from the pull-down menu, and hit "go". You'll see something like the following:

Dividend Analytics 					
Type	Amount (\$)	Dividend Yield (Annualized)	1-Year Growth	5-Year Growth	Payout Ratio (TTM)
Annualized Dividend (MRD)	2.65	3.46%	3.00%	6.59%	86.65%

In the table above, we're looking for "Payout Ratio (TTM)". PG has a ratio of 86.65%. Let's explore what this means.

The payout ratio is the percentage of earnings given to shareholders as a dividend. The math: $\text{dividend} / \text{earnings} = \text{payout ratio}$.

If a company is paying out close-to or more-than it earns (a ratio greater than 100%) that's a potential red flag. There may be good reasons for this to happen, however you should understand why it's happening if you choose to invest. For our blueprint, since we're comparing companies to see which is best for us, it's probably best to go pick a company with more safety in the dividend payout.

Since we're interested in that dividend, we also don't want a company with too low a payout ratio. A low payout ratio could mean that the company would rather use the money it earns for other items besides paying investors a dividend. Those other ways they are using their cash could be great for the companies themselves, and those companies may be good investments. They just don't belong in our Blueprint because we care about companies committed to their dividends. Compare the companies you're looking at to each other and make your decision based on the overall fit for our Blueprint.

Companies don't earn the same amount of money equally in each quarter - think about, for example, how well retail companies do during the holiday buying season. Since a company's earnings change throughout the year we'd like to look at the Payout Ratio over more than a single quarter.

Looking back at the chart above for PG's dividend information, we see the acronym TTM in parenthesis after "Payout Ratio". TTM stands for "trailing twelve months" and means the past 12 months¹ of financial results.

Fortunately, you don't have to calculate the Payout Ratio on your own. You can look it up on financial sites like Fidelity or your brokerage account.

Dividend Growth Rate. Simply put, this is the rate of growth of the company's dividend. Again, the best place to find this information is in your brokerage account, though it might also be available on the company's investor relations page. We'll continue to use Fidelity, since they present this information for everyone and not only account holders.

Dividend growth rate is important to our blueprint because *it represents the raise you receive each year as an owner of the company.*

¹ These are the past 12 months reported. If it's November, but the prior financial quarter ended at the end of September, the trailing 12 months would be October 1 last year through September 30 this year. The results since October 1 this year have not yet been reported/released.

Very importantly, when the dividend growth rate beats inflation it means that the purchasing power from your dividend income will increase over time, even if you don't invest anything further into the company.

The following table shows the information we saw in the tables above for PG for the past year and the past 5 years. I've added Walmart just for comparison.

	Dividend Growth 1 Year	Dividend Growth 5 Years
PG	3%	6.59%
WMT	2.08%	10.13%

You won't see negative dividend growth for a Dividend Aristocrat.

Have you received (on average) 10% a year raises for each of the last five years at work? Have you even received more than 6% a year for five years? Had you invested in either of these companies 5 years ago, your Elephant would have.

Months/dates the dividends are paid. Our Dividend Aristocrats will pay dividends quarterly (4 times per year). Looking at PG's chart above (from the Detailed Quote page) you will find their payment date - the 17th of August. Since you know they pay their dividend quarterly, that means they pay it on about the 17th of February, May, August, and November. The investor page on the company's website is another simple way to find the payment schedule and dates.

When do the dividend increases occur? Let's go back to the PG Dividend page on Fidelity's site and find out. Select the "Dividends Detail" tab:

Dividends Overview		Dividends Detail					
Dividends by Calendar Quarter of Ex-Dividend Date							
Year	Quarter	Announcement Date	Ex-Dividend Date	Record Date	Pay Date	Dividend Amount (\$)	Dividend Type
2015	Q3	07/14/2015	07/22/2015	07/24/2015	08/17/2015	0.6629	Regular
	Q2	04/17/2015	04/23/2015	04/27/2015	05/15/2015	0.6629	Regular
	Q1	01/13/2015	01/21/2015	01/23/2015	02/17/2015	0.6436	Regular

It's quite simple to notice that they increase their dividend in the second quarter each year. If we look at [their press releases during the 2nd quarter](#), we can find out that they announce their dividend increases in April. We could probably have guessed that from the "announcement date" on the "Dividends Detail" tab.

Summary

Using the list of dividend aristocrats you have completed the worksheet for those you would consider owning. Though you may only invest in a small number, you have looked at a bunch get a sense for different companies and to get comfortable with dividend math.

Next, copy your worksheet data for each company into the table on the next page to compare your choices. Once you've completed the comparison you are ready to go onto step two ([in the book](#)) and invest!

Dividend Plan Comparison Summary Worksheet						
Name						
Ticker						
Sector						
Min Starting Investment						
Initial Purchase Fee						
Reinvestment Fee						
Optional Purchase Fee						
Optional Purchase Minimum						
Certificate Transfer Fee						
Current Price						
Current Dividend						
Current Yield						
Payout Ratio						
5 Year Dividend Growth						
Dividend Months						

Dividend Plan Comparison Summary Worksheet

Dividend Raise Month						
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