Dividend safety checklist (PDF)

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Fill in from the latest annual report and the last three years.

The company

Name and ticker _____

Sector (stable, cyclical, REIT/MLP/utility) _____

Dividend per share, last 12 months ($) _____

Coverage

Earnings per share, last 12 months ($) _____

Earnings payout ratio (%) _____

Free cash flow, last 12 months ($) _____

Dividends paid, last 12 months ($) _____

Free cash flow payout ratio (%) _____

Red flags (tick any that apply)

- ☐ Payout above 100% of earnings or free cash flow
- ☐ Payout rising for three years while earnings fall
- ☐ Debt increasing to fund the dividend
- ☐ New shares issued while paying the dividend
- ☐ Yield far above sector peers

My decision

Hold, buy or avoid, and why _____

Sources: SEC Investor.gov: Dividend; IRS: Instructions for Form 1120-REIT; SEC Investor.gov: Real estate investment trusts (REITs); SEC: Beginners' guide to financial statements. Full explanation and links: https://uxs.nz/stocks/what-dividend-payout-ratio-is-too-high-to-be-safe/

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