

# The Top 5 Dividend Stocks for 2009- Part 1

Standard & Poors recently reported that the “percentage of dividend income as personal income has steadily increased from 2.8% in 1988 to 6.7% in 2007”, a plus-200% gain. During this same period, interest income has shrunk from 15.03% of personal income to 10.41% in 2007.

Personal dividend income will continue to increase in importance, generating even greater demand for income-producing stocks in the coming years, fueled by the increased numbers of investors owning equities, and by the coming surge in boomer retirees.

Unfortunately for us dividend yield seekers, our hunt for dividend income has become harder than ever in 2009, as record numbers of companies eliminate or drastically reduce their payouts in order to conserve cash, and sectors we once depended upon for income have imploded. It seems as though, just when we need dividend income the most, the rules of the game have changed.

The financial sector used to account for more than 30% of the dividend payouts on the S&P, but now account for only 9.6%. All told, financials account for 31 of the 51 reductions and suspensions this year, and not one financial company remains in the S&P list of the top 25 dividend payers in 2009.

In fact, the ranks of dividend paying stocks have thinned out so dramatically that the top 28 dividend-paying stocks account for more than half of the dividends paid out in 2009.

Which are the **top 5 dividend paying stocks**, ranked by total cash paid to shareholders? It turns out that 3 of them are energy companies, 1 is a telecom, and 1 is a conglomerate:

1. Royal Dutch Shell (RDS-A, RDS-B) – Pays out \$9.8 billion/ year and currently yields 6.77%.
2. AT&T (T) - Is sporting a current dividend yield of 6.44%. Its \$1.64/share annual dividend equals \$9.6 billion a year paid to shareholders.
3. General Electric (GE) –Even though GE cut its 3rd and 4th quarter dividend payouts from \$.31 to \$.10/share, it will still pay out \$8.6 billion in 2009. GE’s \$.82/share annual payout currently equals a 5.87% yield. GE’s shares have risen over 100% during the current rally.
4. Exxon Mobil (XOM) pays out \$8.1 billion a year. The company’s annual dividend rate is \$1.60 a share, for a 2.43% current yield.
5. Chevron Corp. (CVX), has an annual dividend/share of \$2.60, which equals a total annual payout of \$5.3 billion. The stock’s dividend yield is 3.82% at the current

price.

The theme here is one of dominant industry players, with long dividend paying histories. Obviously, GE has had its problems with its lending arm during the downturn, so you'd have to decide if you think their mix of businesses can ride out these problems.

The 3 oil companies might cause some investors to debate whether oil is headed down further or back up, when the economy turns around. Given this week's market action, with oil prices moving up as "less than bad" economic news continues to come in, investors seem to be betting that oil will be going back up when things turn around.

So, what if you want the yields on some of these dividend stocks, but you're afraid of another market pullback, or, you think the prices are too high?

There are 2 ways you can attack these problems, both of which I'll discuss in Part 2 of this series.

Robert Hauver, MBA, publishes [The Double Dividend Stock Alert](#) a monthly investment newsletter which features a select few of the elite stocks in this article, and shows investors how to protect and increase their yields on them. For proven high yield strategies, based on risk reduction and sound research, visit:

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