



Stock Dividends

Vocab:

Dividend - the amount of \$ you get "paid"
for owning a stock.
→ annually or quarterly

**LESSON
12.5**
EXAMPLE 1

Susana Valasco owns 100 shares of Wagoneer, Inc. stock. The stock ranged from a low of \$37.26 to a high of \$52.86 last year. The annual dividend is \$1.10. What is the total annual dividend? What is the annual yield based on the high and the low?

$$\text{total} = 100(1.10) = \$110$$

$$\frac{1.10}{52.86} = 0.0208$$

$$\boxed{2.08\%}$$

$$\frac{1.10}{37.26} = 0.0295$$

$$\boxed{2.95\%}$$


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12.5**

Complete the problem. Check your answers in the back of the book.

1. Joyce Winnetka owns 150 shares of Higginbotham Network Design stock that had a high of \$49.88 and a low of \$32.64 during the year. The annual dividend was \$1.34. What is the (a) total annual dividend, (b) annual yield based on the low, and (c) annual yield based on the high?

$$a) \quad 150(1.34) = \boxed{\$201}$$

$$b) \quad \frac{1.34}{32.64} = 0.0411$$

$$c) \quad \frac{1.34}{49.88} = 0.0269$$

$$\boxed{4.11\%}$$

$$\boxed{2.69\%}$$

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EXAMPLE 2 Algebra

Tom and Irene Zach own 400 shares of Bank of America (BAC) stock. After the quarterly dividends are reinvested under their dividend reinvestment program (DRIP), they own 405 shares. BAC is selling at \$51.00 a share. Find the annual dividend per share and the annual yield for BAC.

$$405 - 400 = 5 \text{ shares}$$

$$5(\$51.00) = \$255$$

$$4(255) = \$1020 \text{ annual}$$

$$\frac{\$1020}{400} = \$2.55 \text{ per share}$$

$$\frac{\text{div}}{\text{cost}} = \frac{\$2.55}{\$51} = 0.05$$

5%

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Complete the problem. Check your answers in the back of the book.

2. Elena and Arturo Sarmiento own 500 shares of Walgreens (WAG) stock. After the quarterly dividends are reinvested under their dividend reinvestment program (DRIP), they own 501.055 shares. WAG is selling at \$45.00 a share. Find (a) the annual dividend per share and (b) the annual yield for WAG.

a) $501.055 - 500 = 1.055 \text{ shares}$

$$1.055(45) = \$47.48$$

$$4(47.48)$$

$$\$189.92 \text{ per year}$$

$$\frac{189.92}{500}$$

$$\$0.38 \text{ per share}$$

b) $\frac{\text{div}}{\text{cost}} = \frac{\$0.38}{45} = 0.0084$

$$0.849\%$$

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For Problems 3 and 4, determine the annual yield to the nearest hundredth of a percent.

3. You purchase TEK stock for \$15.53 per share.
Dividends are \$1.48 per share.

$$\frac{\text{div}}{\text{cost}} = \frac{1.48}{15.53} = 0.0953$$

9.53%