

Name \_\_\_\_\_

## Discovering Dividends: A Share of the Profits

### Open-Ended Response Questions

1. Imagine you're explaining dividends to a friend who has never invested in stocks. How would you describe the concept of dividends, their purpose, and how they benefit shareholders?
2. Compare and contrast the experience of an investor who receives dividends in cash with one who chooses to reinvest their dividends by buying more shares. What are the advantages and disadvantages of each approach?
3. Discuss the potential risks associated with investing in dividend stocks. Are there any factors that could lead to a company reducing or eliminating its dividend payments?
4. Research and provide an example of a company that has a history of paying dividends. Explain why this company's dividend history might make it an attractive investment for income-focused investors.

