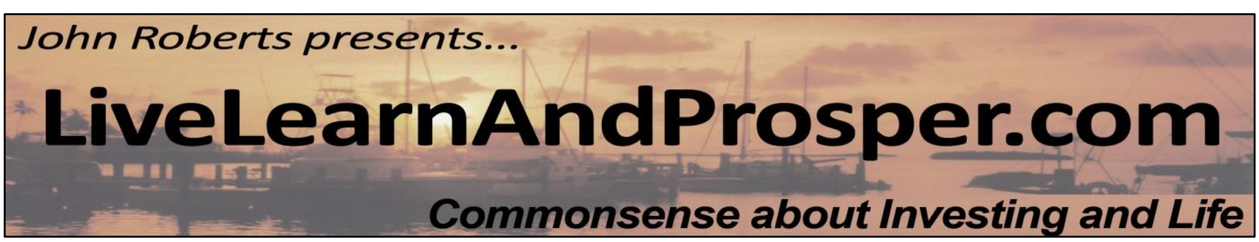
About Your Future PAYCHECKS and RAISES in Your Retirement

A Simple Way To Create Them Starting RIGHT NOW!

By
John Roberts



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Paychecks and Raises For Your Retirement

You've probably thought about retiring some day in the future. After all, most people do.

And perhaps you've even been saving and investing in some sort of way for this eventual day – that day when you no longer go to work every day.

But if you're like many people you may have just a vague idea of how that all works. You know you need to save and invest some money so it grows. And that somehow is going to turn into something that will allow you to quit working.

Okay, so you've got the basic idea down.

And, well, the quitting work part is easy. But there's that one other nagging detail, isn't there?

How are you going to pay your bills?

How is that really going to work?

This book is going to show you one very clear approach to making that happen. And by the time you are done reading it, you will know exactly, specifically how it all can work.

And unlike all of the other retirement books and articles out there that you may have read, we aren't going to go into complicated tables and questionnaires about your expected expenses, or formulas on what your future cost of living is going to be and all the other nebulous projections all retirement books talk about.

Sure, these have their place in retirement planning.

But let's focus on one really important thing, in a way we can totally visualize it. In concrete terms.

And in a way we ALREADY understand.

Like paychecks and raises.

Because I totally get that concept. And I bet you do too.

So, very specifically, we're going to talk about how you are still going to get paychecks and raises — after you quit working.

Paychecks because you have to pay the bills. And raises because prices will keep going up.

That's the real trick, isn't it?

So we're going to put a laser-like focus on just those two things.

Because all the other points and tables and questionnaires are kind of moot until we understand how we're going to get paid, and if we're going to get a raise, and how much these things might be.

Just like we think today as employees and workers.

So let's start on solid ground by talking about the paychecks you work for today.

About Your Future Paychecks

So have you ever looked at your past raises from work and figured what they may be in the future. In other words, how big your paycheck might be five years from now.

Or looked at a social security statement that estimates the amount your retirement check will be at some future date.

I think many people do this at some point in time.

Now wouldn't it be nice if you could do that with your stock investment account? That is to say, sit down and figure how much your stocks will pay you every month when you retire.

Well, I have good news for you. And that is you can do this when you invest in good dividend paying stocks. And you can also estimate how much of a dividend pay increase you will get from them year by year.

Because good dividend paying stocks are usually from solid businesses that grow every year, and make more money every year, and pay greater dividends every year.

And that "pay greater dividends every year" thing is how you can predict your future dividend checks you'll receive for your retirement.

The way to do this is really quite easy. You see, there are public records of dividends and increases for all the public companies out there.

So you can look at what their dividends were ten years ago, and what they are today, and bingo, there's your annual raise you could get, year by year in the future.

Then it's just a simple matter of projecting that out.

Just like you do when you sit down and calculate that you are going to get a raise of 3% at work, and so that means you will get a check 3% greater next year, and 3% greater the next year, etc.

Now come on, 'fess up, I know you've done this.

And it makes sense.

So why not start doing this by doing the same thing with your stock investments. And by buying dividend paying stocks. And projecting the dividends they will pay you in the future.

You do it with your paycheck.

And dividends will be your paycheck in the future.

So why not treat them the same way?

I promise you, when you start looking at stocks, and their future dividend checks, as paychecks, that you will be living off of; it's going to change the way you think.

It will change the way you invest.

And which stocks you invest in.

So we'll explore more of this. It's pretty important. Because, after all, this is about YOUR future.

Seeing My First Big Stock Dividend Check

Let me tell you a real story about dividend checks to bring this home to you. It really happened – to me, years ago.

I was a young computer programmer back then – way back in 1970. I worked for a bank in Springfield Missouri. And I had designed and written a stockholder accounting system.

One of the things I had programmed the system to do was print dividend checks for the stockholders of the bank. And I was testing the system before we went live with it.

As I looked through the checks my program had printed, I saw one for $5335. In other words, the bank was paying this stockholder $5335 every three months in dividends.

Now most of the other checks were for much smaller amounts, like $40, or $75. But this one really stood out. And here and there in the computer printed pile of checks there were some others for over a thousand dollars or more.

I couldn't believe how big the dividend check was that my computer program had just printed.

I actually thought my program had made a mistake. I rushed over to my program listing and looked through the program code for about an hour. Finally, shaking my head in pure wonderment, I concluded the code looked fine and the check was correct.

That was my first, and rather jolting, experience with the power of dividend checks.

Let me give you another clue about that $5335 check. Those were 1970 dollars. Taking inflation into consideration, that check would be $31,957 in today's dollars. Did I mention the shareholder was being paid that every three months? I did, didn't I?

So just like that got my attention way back then, I think this whole dividends thing ought to get our attention today.

Sure, most of us will not start off getting such grand amounts. But if you start buying stocks in the right companies, the companies often increase their dividends by 8 0r 10% or more – almost every year.

Hmmm … when's the last time you got a 10% raise at work, year over year?

By the way, if you said yes to that, do you mind emailing me the company name and any personal contact names you may have in the Human Resources Department.

Okay, so kidding aside, you're starting to see the advantages to building a retirement portfolio of stocks that pay dividends, right? Because the dividends can grow, year over year.

And if you keep diligently investing in good dividend stocks, maybe you'll be getting checks for $5000 or $30,000 in the mail – every three months.

And cause some young computer programmer to start scratching his head, thinking he has a bug in his check printing computer program.

But computer programming confusion and big dividend checks aside, let's come down to earth a bit and look at a real dividend I got recently.

What A Measly $59.50 Dividend Can Do

Now don't get me wrong, most people will not start off with $30,000 checks. As a matter of fact, the dividends you are paid at first can sound a bit on the measly side.

For example, I was looking at one of my trading accounts the other day and noticed a dividend of $59.50 had been paid into it.

Now $59.50 will not make you wealthy in and of itself. I'm sure we can agree on that. But something in the back of my mind told me that this stock investment paid dividends monthly instead of quarterly -- like most dividends are paid.

And this got me thinking about dividends and their wealth effect.

So I looked through my statements, and sure enough, I was right. Every month, this Calamos Convertible and High Income Fund (CHY) was depositing $59.50 into my account like clockwork.

And that's important because it illustrates how valuable dividends can be to your investment success. To support that thought, let's run through the entire investment transaction.

I had bought 700 shares of CHY in early 2009 during the stock market crash. So I was able to get them at a good price of $8.62 a share for a total investment of $6000 (I'll round some numbers in my examples to keep it easy).

So as I looked over my statements, I noted that I had collected three and a half years of monthly dividends. That came to a total of $2500 I had already collected from this $6000 investment. And there was no reason to believe I wouldn't keep collecting another $59.50 in my account every month going forward.

But it gets better.

Because CHY had increased in price from $8.62 a share to $12.49 a share. So I'd made another $2700 on the price increase.

So in total, I have made $5200 in three and a half years on a $6000 investment. I have almost doubled the investment. It has almost paid for itself completely.

And thirteen more months of dividend payments, even assuming no price increase, will bring the total to the original $6000 investment. That will work out to be $3300 in dividends and $2700 in price appreciation.

I will have doubled my money in four and a half years.

The investment will have paid for itself.

All of my investment capital will have been returned to me

<u>And everything from now on is pure profit.</u>

Also note that over half of this happy situation was because of the dividends. So you see why I said early on that dividends can be valuable to your investment success? And how a dividend paying stock investment can return all your capital in under five years and turn into a pure profit machine?

Now investments like that really can make you wealthy.

All from a measly $59.50 dividend.

Here's a little heartwarming dividend fact for you. Legendary investor Warren Buffett invested in the Coca-Cola Company between 1987 and 1989. He liked it as an investment for a number of reasons, one being that it paid dividends that increased year over year.

As of 2011 he owned 200,000,000 shares in his Berkshire Hathaway fund. Coke paid dividends of $1.88 a share. That's $376,000,000 in dividends – in one year.

And 50% of his total investment cost, coming back to him – EVERY YEAR.

Clearly Coke is it!

And dividends too!

So What Are Dividends, Exactly?

Simply put, dividends are when a company you own stock in sends you money from the profits they have made.

That has a nice sound to it, doesn't it?

So let's look into this a bit deeper.

Every day, people go to work at that company. And they are paid wages to do this for one reason. That is to help the company make a profit.

Let's take a small retail company as an example called ABC Retail. ABC retail sells fashionable men's and women's clothes. For the past three months ABC has sold $3,000,000 worth of clothes.

After paying all of their expenses, like the cost of the clothes from the wholesaler, employees pay checks, the utility bills and taxes; ABC has $500,000 of pure profit left over.

It's real money just sitting there in the company's bank account. And there are no more bills to be paid.

Now there are a number of things that ABC can do with this money. One of the things they can do is pay it to the owners of the company. That's you – since you own stock in the company. You and the other people who own stock in the company are the owners.

So the profit really is your money.

If there are 10,000 owners of the company and they all own one share of stock, just like you, then they can divide up the profit of $500,000 among the 10,000 shareholders (owners) and send them all a check for $50.

Notice that I said the phrase, "They can divide up the profit." That word "divide" sounds very similar to the word "dividend" doesn't it? And that is exactly what a dividend is. It is a profit divided up among the business owners, the shareholders. The word "dividend" actually comes from the Latin word "dividendum" which means, "thing to be divided."

Now getting a check for $50 is nice, but what if you wanted to get more?

Well, in the real world, if the company had 10,000 shares of stock outstanding, it would not have 10,000 owners, each owning just one share. I just did that to make the example easy.

Normally there would be fewer owners and they would own different amounts of shares. One owner might own a thousand shares; some might own only 10 shares, etc.

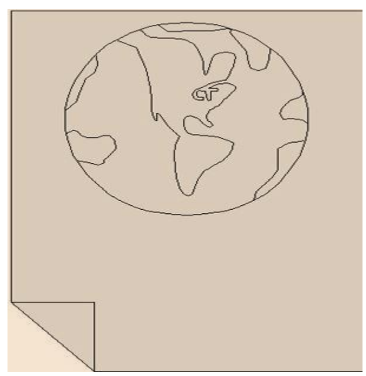
So if you owned ten shares of ABC, instead of a check for $50, you would get a check for $500. Now that's much more interesting, isn't it? $500 gets my attention. And that's just for three months of profits. It's quite possible that the ABC Company could make $500,000 in profit again in the next three months, and the next three, and the next three.

Which means every three months you would be getting a check for $500 from them. So in a year you would get $2000 in dividends from your ten shares of stock in the ABC Company.

This is one of the ways people pay for their retirement. Year after year, they buy more and more shares in stocks that pay dividends. And when it comes time to retire, they are getting enough regular dividend checks from these shares of stock that they can live off of the dividend income.

So dividends can be an important part of your investment success – and financial and retirement future.

More On Dividends — Real World



So we talked about the ABC Company, a small fashion clothing store that had $500,000 in profit for the quarter (three months).

And we said there were a number of things they could do with that profit. In our last example, they divided the entire $500,000 profit among the 10,000 shares outstanding and paid all of the profit out to the owners of those 10,000 shares.

In the real world they would probably do something a bit different.

For example, they probably would not pay out the entire $500,000. They would keep some of it in their bank account in case they needed it. We'll call that the "Rainy Day" reason.

Or they might keep all of the $500,000 in the company checking account and not pay a dividend at all. That's still money in the bank for you because you are a business owner, so some of that money is yours.

Or they might save some of it because they want to open a new store in the future to make even more money. We'll call that the "Business Expansion" reason.

Or they might use some of the money to buy back some of the shares of stock. If they did that, there would be fewer shares outstanding, so your shares would become more valuable. We'll call that the "Share Buy-Back" reason.

So there are many things they can do with the $500,000 profit. But did you notice that all of them are good things for you? That makes sense, right – because you are an owner of the company, so the decisions should all be made to help you.

After all, as a shareholder, and an OWNER of the company, it's your money at risk. So you should get the reward.

Am I Really A Business Owner?
Are you REALLY a business owner when you own stocks? Yes, in virtually every way you are a business owner. As an owner of a share of stock **you are really a LEGAL business owner.** Think of one of your favorite companies and products. Like Coach handbags, or McDonalds, or Pizza Hut. If you own a share of their stock, you are a legal business owner. You will own a share of their profits. And you may be asked to vote for or against a pay raise for their top executives – that sounds like a business owner to me. You will be sent an annual report telling you how well your business did that year. The people who go to work every day in those companies work for you. The Chief Executive Officer works for you. The Chairman of the Board and the Board Members are working for your interest. They all go to work every day to increase your wealth. Everybody works for you. As an owner of stocks in a company, **you are a business owner.** Here's the really great thing about all of that. You don't have to do anything – like work. That has a nice sound to it, doesn't it?

Typically, companies will keep some of the profits and also pay some of the profits to the shareholders in dividends. That's a pretty good compromise, really.

So let's see what that might look like.

Let's say the company keeps $450,000 of the profit this quarter and pays out the remaining $50,000 to the shareholders like you.

Since there are 10,000 shares outstanding, that means each share gets a $5 dividend. Since you own 10 shares, that's a check to you for $50. And let's say they do that every three months (i.e. every quarter) for this year.

That means you got $200 ($50 X 4 quarters).

Now banks are paying less than 1% interest on savings these days. In other words, you are getting less than a 1% return on your money if you just put it in a bank savings account.

So what kind of return are you getting on your dividend paying stocks in the ABC Company? Is it better or worse than if you just put your money in the bank?

Well, if the ABC Company stock price is $400 a share, and you own 10 shares, then you have $4000 invested in the company. And you are getting $200 in dividends paid to you each year.

So the return on your investment is the total $200 dividends you are receiving divided by your $4000 investment. $200 / $4000 = .05, or 5%.

That's a nice dividend, and is more than five times the return you would get if you just put your $4000 in a bank savings account. And there are actually stocks out there today that pay that kind of dividend.

So you see, dividend paying stocks don't just make your money work for you, they make it work much harder.

And that's a good thing.

You Can Think Of Stocks As Money Machines

Wouldn't it be nice if you could go to Walmart and buy a money machine?

So how do dividend stocks make your money work harder for you?

Well, here's another way I like to think about dividend stocks. I like to think I am buying money machines.

Wouldn't it be nice if you could go down to Walmart and pay $49.95 for a money machine. And you could buy as many of them as you wanted. Maybe every week you bought another one. That's fifty-two money machines in a year.

You just set the little money machines in the closet and forget about them. And every three months they would dump $.50 on the floor. That's a little over four cents a week per machine.

So the first week you'd have 4 cents, the next week you buy another so you have two machines so you would get 8 cents that week, the next week three machines so you'd get 12 cents, on and on for fifty-two weeks. At the end of the first year you'd have over 5700 pennies just lying all over the floor. What a mess. But that's a $57 mess.

Now you could spend that $57. Or here's a thought. You take most of that $57 and buy one more money machine. Why not, it's paid for. The other money machines bought it for you.

Now you have 53 money machines sitting in the closet. But it gets better. Because maybe next year all of your money machines start dumping out a little more money than they did last year — let's say $.55 at a time instead of $.50.

At the end of the second year you'd have 11236 pennies lying all over the floor. That's over $112. Now you can buy two more money machines. And the machines keep on increasing how many pennies each one puts out by a little bit each year.

And we haven't even talked about the fact that the price of the money machines goes up, so the ones you own are worth more now. Maybe they are all worth $55 instead of the $49.95 you paid for them.

That's how many stocks work. Interestingly, a share of Walmart stock would cost about as much as our example and dump that much money on your closet floor.

So let's think about this for a minute. You can go out and spend your money on a new car, which is worth less as soon as you drive it off the dealer's lot. And it costs you money to drive it.

Or you can go buy a nice dinner at a restaurant, which is gone as soon as you eat it.

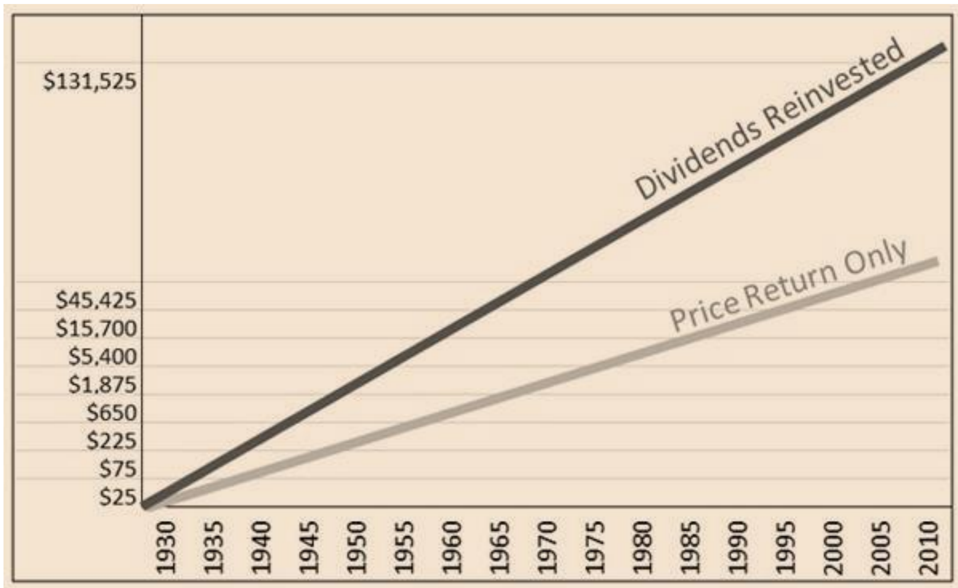
Or you can buy money machines.

Nothing against new cars and nice dinners, I like them both. I'm just saying they lose value over time – rather quickly.

But your money machines dump out a little bit of money every three months, year after year and they become worth more over time.

P.S. Your closet floor is looking pretty messy with all that money lying around – you need to clean it up.

Dividends Can Add Much To Your Total Return



S&P 500 Historical Dividend versus Non-Dividend Returns

So typically, how much can these money machines affect your income and wealth?

Quite a bit, really. Even if you are just a speculator – which means you're just interested in buying stocks hoping the stock price will go up, and not so much interested in the dividends.

Recall I mentioned earlier how a dividend paying stock investment I made gained over half of its value from the dividends alone. The remainder was from the increase in the stock price.

Okay, but that was just one stock investment. Maybe I just got lucky, right? That's a fair question.

Here's the answer. It works out that dividends quite often contribute close to half of the total investment return of a stock over time when those dividends are reinvested.

And this is no recent phenomena. It has been true for a long time.

The chart above shows the return from the stocks in the S&P 500 from 1930 to 2010. It shows two lines. One is with no dividends. The other is with dividends that were reinvested.

The differences are striking. Stocks paying dividends that were reinvested averaged a 9.4% return on investment. Stocks not paying dividends only returned 5.2%.

So even historically over the past 80 years, dividends can account for close to half of your investment return. And in another study, 40% of the S&P 500's total return came from reinvested dividends between 1935 and 2007.

Things get even more dramatic when you look at what that difference would have made to your investment dollars over time. Investing $100 in 1930, with no dividends, and returning our aforementioned 5.2%, would have grown to over $5800 by 2010.

Not bad.

But investing the same $100 with dividends reinvested would have returned over $142,000.

Wow! Some difference, yes.

But here's the thing. It gets even better.

Because dividend paying stocks often hold up better in a down market than their non-dividend cousins. That's because the dividends act as sort of a cushion to the price of the stock.

Of course, dividend stocks can go down in price too, but owners of them may be inclined to think, "Hey, the stock is down a bit but I'm still getting paid my dividend." And so they may be less inclined to sell in a down market.

Similarly, others holding non-dividend paying stocks may also be more inclined to switch over and buy dividend paying stocks in a down market as well.

So do you see what's going on here? Having less people inclined to sell and more people inclined to buy dividend paying stocks in a down market keeps the demand up to some extent. This tends to support the price of dividend paying stocks in this situation.

This is why buying dividend stocks are often considered a defensive investment play.

But dividend stocks are not necessarily just defensive. They can work well in rising and falling markets. Take this fact, for instance. When everyone was so interested in all the high flyer stocks during the bull market from 1982 to 2000, dividend paying stocks actually outperformed non-dividend stocks by a considerable margin.

These facts make it clear that dividend paying stocks can make a significant improvement in your investment success, and maybe help you sleep a bit better at night.

So the next time you're thinking about buying some high flyer stock with no dividend, take a self-imposed time out and think back to this post and the chart.

And during your time out, you might idly consider the difference between $5800 and $142,000 while you're at it.

Don't Worry That Typical Dividends Are Around 2 to 3%

Now I don't want you to be put off by this, but typical stock dividends pay around 2 to 3%. That is, when you first invest in them.

That's why we always want to buy stocks that have a track record of growing their dividends, year after year. Because as time passes, your percent becomes bigger. Because you paid a certain price for the stock, but the dividend amount grows, so your per cent return on your original price grows as well.

In today's world, with banks paying virtually nothing for savings, 3% is actually quite a good return.

And I invest in quite a few stocks that pay around 3% dividends.

As long as they have a track record of increasing their dividends.

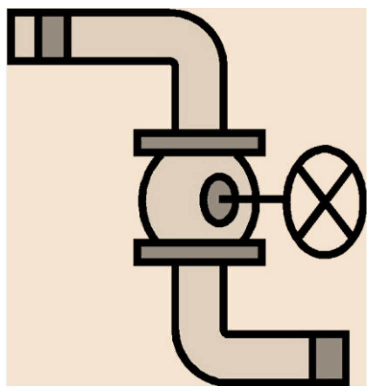
For the reason given above.

Because as time passes, my dividend return percent just keeps growing and growing.

But as you're about to see, there is a certain class of dividend paying stocks that pay considerably more than this. I invest in them too. They are called Master Limited Partnerships. I think you'll really like these. Read on.

The Poldark Saga and 3 Percents
There is a great book series called The Poldark Saga written by Winston Graham that follows the life of a young Englishman named Ross Poldark in the late 1600's in Cornwall, England. It's a fascinating tale that also gives an historical insight into England at the time. I was always struck by the fact that even back then, some of the investments – bonds in this case, were actually called Three Percents. If you like historical fiction, PBS made a great miniseries out of the books and they are well worth your while to watch. I recently rented it from Netflix to watch it again – and it was as good the second time as the first.

Get Great Dividends With Master Limited Partnerships



Now don't let the Master Limited Partnership name throw you because some of these pack some nice dividends.

So if you're tired of paltry savings account interest, and the typical stock dividends, you'll want to pay attention. Because I'm going to tell you about a type of stock-like investment that pays some of the richest dividends out there.

As a matter of fact, since 2003, they have been the best performing asset class in the world. And I'm also going to tell you the name of one of these I've had great investing success with since 2009.

I'm talking about Master Limited Partnerships, also known as MLP's.

Now don't let the name throw you. While they are structured differently than stocks in corporations, for our purposes they trade just like stocks. By that I mean they have a stock exchange symbol, just like a stock, and you can buy and sell them in seconds – again, just like any stock.

To illustrate this, let's look at a traditional stock first. For example, take Microsoft, a company and stock many are familiar with. It has a stock symbol of MSFT. So if you want to buy shares of Microsoft, you just enter the order in your trading account to buy, let's say, 50 shares of MSFT. And the order executes in seconds and you are the proud owner of 50 shares of Microsoft stock.

MLP's trade exactly the same way.

So now we know that trading MLP's is easy. But here's where it really gets good.

MLP's get special treatment from the government. The government will not tax them IF they distribute at least 90% of their dividends to the owners like you and me.

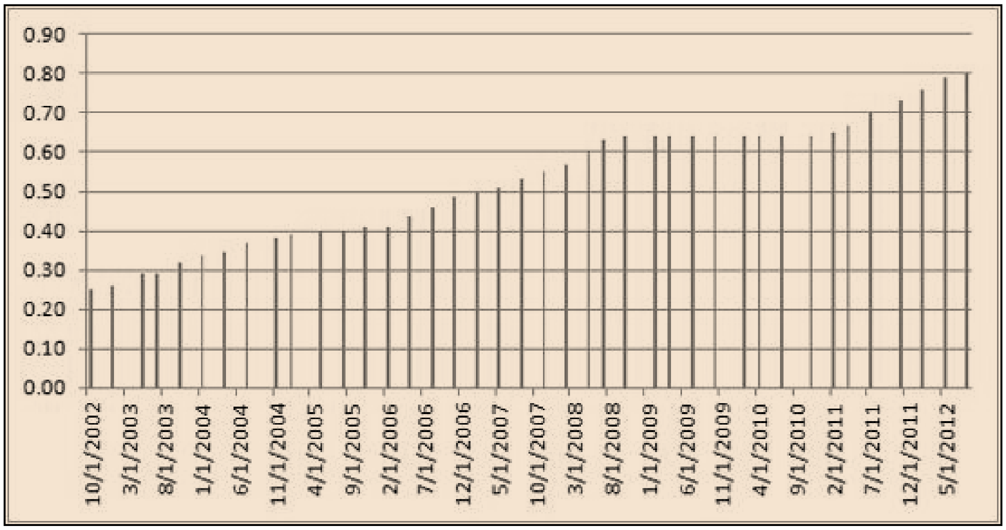
Wow. That's some kind of advantage, isn't it?

So why does the government do this? Because MLP's are associated with energy and natural resources and the government wants to encourage this type of resource development.

Which leads us to one of my favorite MLP's I promised I'd tell you about. It's a company called MarkWest Energy Partners, symbol MWE. MarkWest is in the natural gas pipeline business, i.e. they own a lot of natural gas pipelines. And for every thousand cubic feet of natural gas that flows through their pipelines, they charge a fee. Day in, day out, they get paid as other companies use their pipelines to move their natural gas to market.

And natural gas has a bright and growing future here in the United States. Indeed, in the past five years, we have discovered so much of the stuff we are often referred to as the Saudi Arabia of natural gas. With our new fracking techniques, we are discovering so much recoverable natural gas, and oil, we are on track to end our Middle East energy dependence in the future.

MarkWest has a pretty consistent record of increasing its dividends. And during the crash of 2009, they kept their dividend the same and did not decrease it – which is saying a lot. As of this writing they are paying over a 6% dividend.



MWE Quarterly Dividends – Cents Per Share

MarkWest is one of the best investment successes I've had because I bought them at the bottom of the 2009 crash at a very cheap price. Based on my purchase price, they have paid me a 20% dividend, and the stock has gone up 280%.

So what's the downside? Well, you should also note that MLP's are treated differently on your income tax with some fairly complicated rules. But I let my tax man deal with that. And I've not seen any big bad tax effect using them. Certainly nothing that outweighs the returns I've made.

Also, unlike corporate stocks, of which there are thousands, there aren't many MLP's to choose from. I recently counted just 79 of them on one list. That said, I don't see any significant downside for investing in them.

Which is why I'm invested in a number of them.

So the next time you hear the major newscasters getting all jazzed about exciting stocks like Apple, or Facebook's IPO, take a deep breath and think about something boring like natural gas pipelines and Master Limited Partnerships.

Because natural gas and pipeline use isn't going away anytime soon. And barring some real market disruption, neither are the dividends.

I really like MLP's. I wish there were more of them.

Start Your Dividend Income For Retirement Now

So that's the story on your future paychecks and raises for your retirement.

We started off thinking many people have a muddled view of how they could get paid in retirement.

And we took a very clear-eyed approach to making that happen.

We did it by focusing on something we already know about – and that was the paychecks and raises we get today.

And by investing in dividend paying stocks, we can get those paychecks and raises in the future as well.

And we learned we're in good company with this approach. No less than the legendary investor Warren Buffet does the same thing – by investing in solid companies that pay dividends – like Coca-Cola – and is making a killing on the dividends he's being paid.

And growing.

So why not start thinking like that now?

Why not start building your stock portfolio with those retirement checks in mind? So that by the time you are ready to retire you have all of these income streams in place and they are paying you on a regular basis.

I think that's a capital idea, don't you?

I hope you enjoyed this special report on *Your Future Paychecks and Raises For Retirement.* Please feel free to send your comments to me directly at JohnRoberts@LiveLearnAndProsper.com.

And oh, just one more thing. I always like to give a little more than I promised. So at the very end of this report is a special BONUS CHAPTER on a gold stock that pays a dividend as well. I think you'll find it interesting.

To your health and prosperity.

John Roberts

About John Roberts

John Roberts is the Founder and CEO of Live Learn And Prosper.com, a leading newsletter and website dedicated to "Commonsense Investing." His books and articles are known for their easy to understand writing style explaining complex things.

He's been a lifelong investor, and prior to founding LLAP, was a Financial Consultant and Stockbroker (formerly licensed with the New York Stock Exchange) and Senior Business Analyst. Before that he managed the Corporate IT Department of a Fortune 500 corporation, and earlier in his career, he served as the Senior Programmer/Designer for May Department Stores International, spending time in London, England designing and programming a large scale international foreign buying system. He also served in the United States Marine Corps.

But all is not work and investments in John's life. Called a renaissance man by his friends, he is also an award winning photographer, cartoonist, published author and avid sailor, believing that life should be an adventure.

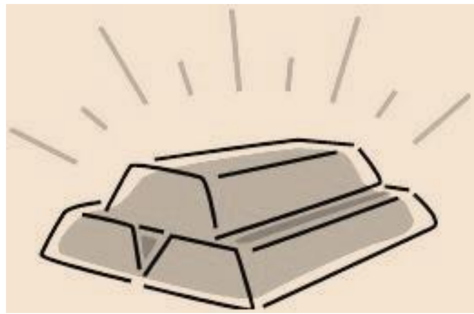
He recalls one Thanksgiving finding himself singlehandedly sailing his boat the Saline Solution in the Florida Keys — on the far edge of tropical storm Keith. He says when he finally made it back safely to port it was the most thankful Thanksgiving of his life. He also allows this may have been a bit too much adventure.

John's had a life-long commitment to self-improvement and achieving goals — for himself and teaching others. He had an early start in life achieving higher goals as a "lettered" fiberglass pole-vaulter in high school, clearing 12' when the world record was 17'. And still earlier, as a big brother teaching his younger twin sisters how to read before kindergarten.

John currently resides in Miami, Orlando or St. Louis — depending on when you ask him — and what time of the year it is. When he's not too busy writing in Florida you can often find him reading and soaking up sun at the beach.

BONUS CHAPTERS

Golden Dividends – Now This Is Getting Interesting



One of the main objections to investing in gold is that it pays no dividend. And the same can be said for many gold stocks.

Which puts us in a quandary as investors. Because indications are that the price of gold could go up in the future as the value of the dollar continues to erode due to inflation. Indeed, the price of gold could suddenly move up very rapidly like we saw over the past year.

And gold stocks have historically moved up even faster than the price of gold when this happens. And here's the biggest part of the quandary. That is that gold stocks are at their cheapest level in over ten years.

No one seems to want to touch them.

Which is typically when we, as smart investors, want to get in.

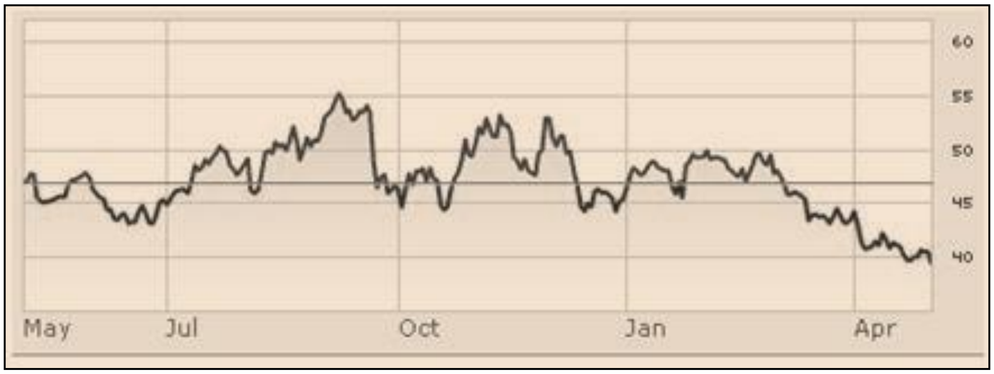
The good news is that the gold stock dividend dilemma is starting to change. A number of gold stocks have started paying dividends, and some are even raising their payout rapidly.

One such stock that I have my eye on is Barrick Gold. Barrick is a Canadian gold producer. And they just announced a quarterly dividend of $.20 a share, which as of this writing is a 2.03% yield. This is a respectable yield for any stock, and certainly pays more than most bank savings, CD's and even some U.S. Treasuries.

But here's where it gets interesting. This was a 33% increase over its prior payout and a 67% improvement over the dividend paid during the same period last year. So if the price of gold does indeed start moving up in the future, they very well could keep raising the dividend.

Even if the price of gold stays the same, or drops a bit, we are being paid to sit patiently and wait.

And the stock price is down, so we can buy in at a bargain price. Just check out the chart below.



So let's sum this up. We can buy a gold stock cheap. It pays a decent dividend right now today. And the dividend may well increase. And historically if the price of gold goes up, the stock price could move up even faster.

I'm scratching my head right now, wondering what's not to like about this situation. And maybe you should be too.

P.S. Now don't go crazy and load up on this stock. Keep to a small position size. Because gold stocks can be pretty volatile. But I'm thinking to stick my toe in the water here, and may put in a couple of small low ball bids as well.

P.P.S. Here's another gold stock to look at. It's Newmont Mining (NEM). I just recently bought some shares in this major gold miner.

And they're paying 4.1%.

How good is that?

Some Of My Favorite Dividend Paying Stocks

Here's a list of some of my favorite dividend paying stocks. I've included those already mentioned for your convenience so you can refer to just one list. And I've included a few more – some which pay over 10% in dividends.

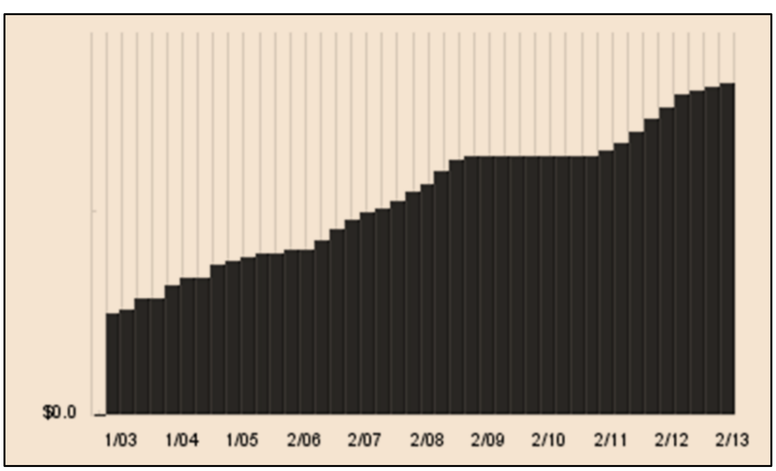
In the interest of full disclosure, I am invested in all of the stocks on this list as of this writing. So I put my money where my mouth is.

Also, I've included the approximate dividend percent they were paying as of this writing. Be sure and check the most recent information on the stocks before investing. And don't invest if they are at record high prices – wait until the price pulls back.

That said, here are some of my favorite dividend paying stocks.

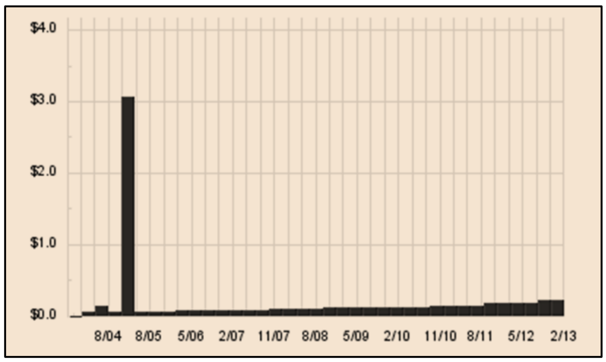
MarkWest Energy Partners (MWE) – A natural gas and pipeline company that pays a 5.4% dividend with a stock price of $61.22. This company charges others for every 1000 cubic feet of gas that goes through their pipelines, so every time the meter clicks, they get income.

I've owned MarkWest for a number of years and collected some great dividends from them. And they have a great track record of increasing those dividends as well -- shown below.



Microsoft Corporation (MSFT) – A market dominant software provider you're no doubt familiar with because of Microsoft Windows and Office. They pay a 3.2% dividend with a share price of $28.79.

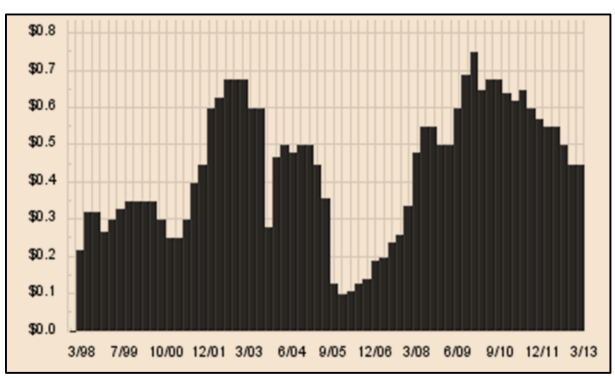
What I like about Microsoft is that they continually raise their dividends. Their large special dividend back in 2004 kind of obscures that fact in the rest of the chart, but they have been raising their normal dividend over 10% a year. That's a nice raise if you ask me. Also, the company is sitting on a ton of cash, so it's probably safe to say the dividends, and raises, will just keep coming.



Annaly Capital Management, Inc. (NLY) - Annaly is known as a mortgage REIT, or Real Estate Investment Trust. Annaly borrows money at today's cheap rates and then invests in mortgage-back securities at higher rates. Since the securities are backed by the U.S. government, they are considered safe.

Annaly pays a whopping 11.59% dividend at a share price of $15.53.

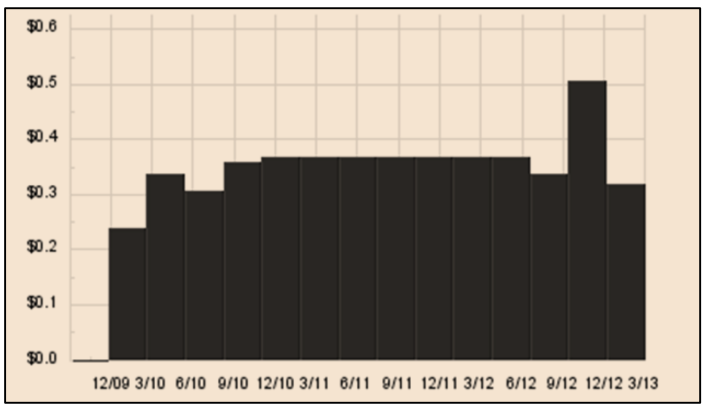
As of this writing, they still seem a good investment, but a note of caution. The stock is interest rate sensitive. When interest rates ultimately start to go up, Annaly's profit, and no doubt stock price, and dividends, will start to fall. I currently own Annaly shares because I feel rates will not go up in the near term and their dividend is extraordinary.



Two Harbors Investment Corp. (TWO) – Here's another mortgage Real Estate Investment Trust Company in a business similar to Annaly, i.e. they borrow money at today's cheap rates and then invests in mortgage-backed securities at higher rates. Since the securities are backed by the U.S. government, they are considered safe.

They pay a whopping 11.04% dividend at a share price of $11.59.

As of this writing, they still seem a good investment, but a note of caution. The stock is interest rate sensitive. When interest rates ultimately start to go up, Two Harbor's profit, and no doubt stock price, and dividends, will start to fall. I currently own Two Harbors shares because I feel rates will not go up in the near term and their dividend is extraordinary.



Newmont Mining Corp. (NEM) – One of the larger gold mining companies. Gold miners are not known for paying a dividend, but Newmont pays a whopping 4.7% dividend at today's stock prices.

Gold mining stocks are pretty volatile, so they are not for everyone. But if you're going to be invested in them, why not one that pays a great dividend.