

# 5-Step Dividend Stock Screening Checklist

Screen any dividend stock in under 10 minutes · 20 criteria · Zero guesswork

\_\_\_\_\_  
Date Screened  
\_\_\_/\_\_\_/\_\_\_

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## 17 Dividend Consistency

Is the track record unbroken?

- 10+ consecutive years of dividend payments**  
macrotrends.net or Investor Relations → Dividend History
- Zero dividend cuts in the past decade**  
Even a freeze during a crisis is worth flagging
- Dividend has grown over 5 years (3%+ annual growth)**  
Flat dividends lose to inflation over time
- Dividend Aristocrat / Achiever (25+ or 10+ yr growth)**  
Strong institutional commitment signal — bonus, not required

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## Valuation Check

Are you actually getting a deal?

- P/E below sector average (or ≤ 20 for defensive sectors)**  
Yahoo Finance → Statistics tab. Compare to Finviz sector median.
- Graham Formula value ≥ current price**  
 $\sqrt{(22.5 \times \text{EPS} \times \text{BVPS})}$ . Use Graham Calculator at valueofstock.com OR calculate manually.
- Current yield is above stock's own 5-year average yield**  
Above-average yield = price below historical fair value
- Price-to-Book (P/B) is ≤ 3 (reasonable for sector)**  
High P/B + high P/E together signals over-valuation

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## Dividend Safety

Can the company afford to keep paying?

- Payout ratio < 65% (or < 85% for REITs/Utilities)**  
 $= (\text{Annual DPS} / \text{EPS}) \times 100$ . Above 80% for most sectors = danger zone.
- Debt-to-Equity < 1.5 (sector-adjusted)**  
Yahoo Finance → Statistics. Heavy debt = dividend risk when rates rise.
- Free Cash Flow covers dividends paid (FCF payout < 75%)**  
 $\text{FCF} = \text{Operating CF} - \text{CapEx}$ . More reliable than earnings-based payout.
- Sector exposure stays ≤ 25% of total portfolio after buy**  
Dividend stocks cluster in Utilities, Financials, Staples — diversify.

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## Peer Comparison

Is this the best pick in the sector?

- Yield is competitive vs. 2 sector peers (most sustainable)**  
Use Dividend Aristocrat Screener at valueofstock.com or Finviz for side-by-side.
- Payout ratio is lower than (or similar to) peers**  
Same yield at lower payout = safer income. Prefer this stock over high-payout peers.
- Revenue/earnings trend stable or growing vs. sector peers**  
Declining revenue vs. growing peers signals market share loss — long-term risk.
- No better-valued peer with higher dividend growth in sector**  
Final gut-check: if a peer is cheaper with faster growth, switch picks.

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## Entry Planning

Buy at the right price, right size, with a clear exit plan

- Buy price yields ≥ 5-yr average yield (margin of safety)**  
Target entry price: \$ \_\_\_\_\_  
Yield at entry: \_\_\_\_\_%
- Position size ≤ 5% of total portfolio**  
Position \$: \$ \_\_\_\_\_  
% of portfolio: \_\_\_\_\_%
- Sector exposure after buy ≤ 25%**  
Sector: \_\_\_\_\_  
% after buy: \_\_\_\_\_%
- Set a "cut alert" — know your exit triggers before buying**  
Exit trigger: \_\_\_\_\_  
Review if payout crosses: \_\_\_\_\_%

TOTAL CRITERIA MET

\_\_\_ / 20  
Aim for 17+ to buy

VERDICT

BUY  WATCH  PASS

NOTES / KEY CONCERNS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WANT THE FORMULAS BUILT IN?

### Dividend Aristocrat Screener — Advanced Tool

All 25+ year dividend growers · Graham valuations · Payout ratio filters · Instant peer comparison  
valueofstock.com/tools/dividend-aristocrat-screener

Explore Free →

Free checklist by ValueOfStock.com