Some Insight Into The S&P 500 Index Dividend Payout

S&P 500 Index Dividend Contribution Percentages By Sector

View from the Observation Deck

1. Today’s chart provides a comparison of the contributions to the S&P 500 Index’s dividend payout, by sector, using current levels (9/30/16) versus the end of 2006.
2. We chose 12/31/06 levels in order to highlight where contribution levels stood prior to the 2008-2009 financial crisis.
3. As of 9/30/16, 415 of the constituents in the S&P 500 Index distributed a dividend to shareholders, up from 383 at the end of 2006, according to S&P Dow Jones Indices.
4. A noteworthy change to the S&P 500 Index occurred in September 2016. As of 9/1/16, Real Estate became its own sector, according to S&P Dow Jones Indices. There are now 11 sectors in the index.
5. Prior to this change, real estate companies were classified as Financials.
6. The fallout from the 2008-2009 financial crisis was hard on many financial companies, particularly the banks, in our opinion. In some cases, dividends were suspended altogether. The sector has been in recovery mode since.
7. The recovery in the financial sector should continue, in our opinion. Those banks that cleared the Fed’s annual stress tests in June 2016 were approved to return capital to their shareholders in the form of stock dividends and share buybacks. In September, Goldman Sachs estimated that banks should return capital equal to an average of 83% of their estimated earnings over the next year, up from 69% following last year’s stress tests, according to Market Realist.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the S&P Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.