Some Insight Into The S&P 500 Index Dividend Payout

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 (3/11/16) versus the end of 2008.
2. We chose 12/31/08 levels in order to capture the fallout from the financial crisis. The U.S. was in a recession at that time. The recession lasted from December 2007 through June 2009, according to the National Bureau of Economic Research.
3. As of 3/11/16, 419 of the constituents in the S&P 500 Index distributed a dividend to shareholders, up from 372 at the end of 2008, according to S&P Dow Jones Indices.
4. While Financials contributed the most to the S&P 500 Index dividend payout on 3/11/16 as well as 12/31/08, the percentage contributed by Financials is down from where it stood at the close of 2008.
5. The aforementioned fallout from the financial crisis in 2008-2009 was hard on many financial companies, particularly the banks. In some cases, dividends were suspended altogether.
6. On 12/31/08, Financials accounted for 20.48% of the S&P 500 Index dividend payout. One year later, however, Financials accounted for just 9.04% (12/31/09). The sector has been in recovery mode ever since.
7. Contribution levels from Information Technology have more than doubled since the end of 2008. That is noteworthy, in our opinion, considering that technology is still regarded as a growth sector.

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.