

# Cash Flow and Carey



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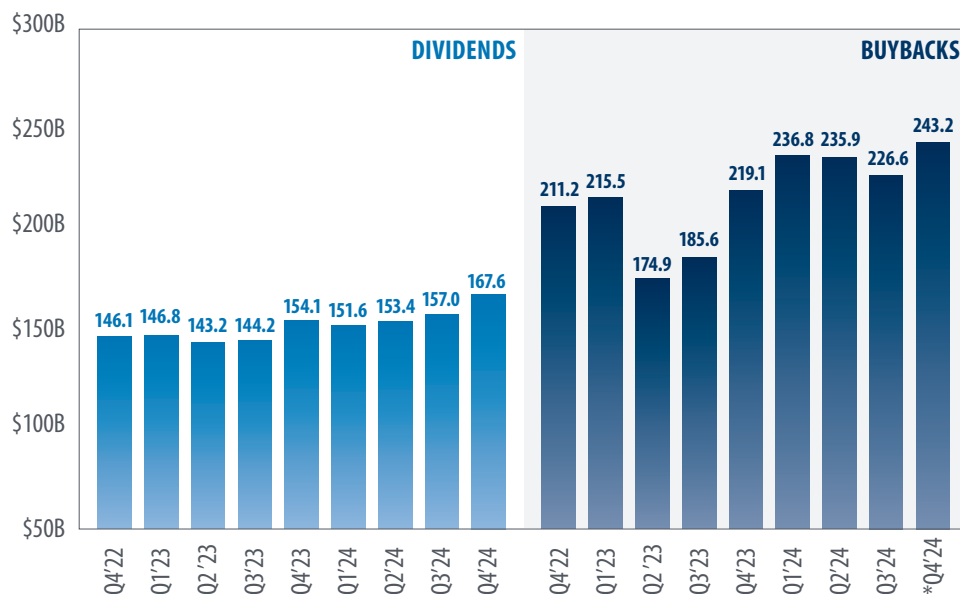
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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The 11 major sector indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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## S&P 500 Index Dividends & Stock Buybacks

### S&P 500 Dividend Payout vs. Stock Buybacks



Source: S&P Dow Jones Indices. Quarterly data points in \$ Billions. \*Q4'24 data is preliminary

### View from the Observation Deck

While companies have a number of ways to return capital to shareholders, cash dividends and stock buybacks have become increasingly popular in recent years. Aside from just a few outliers, dividend distributions steadily increased over today's set of observations. In contrast, share buybacks continue to account for a larger share of total capital disbursements despite greater variance.

- Combined, stock dividends and share buybacks totaled a record \$1.57 trillion (preliminary data) in 2024, up from \$1.38 trillion in 2023.
- Dividend distributions increased to a record \$167.6 billion in Q4'24, up from \$154.1 billion in Q4'23. In total, the companies that comprise the S&P 500 Index ("Index") distributed a record \$629.6 billion in dividend payments in 2024, up from \$588.2 billion in 2023.
- Stock buybacks increased to \$243.2 billion in Q4'24 (preliminary data), up from \$219.1 billion in Q4'23. Buybacks totaled a record \$942.5 billion in 2024, up from \$795.2 billion in 2023.
- In Q4'24, the S&P 500 Index sectors that were most aggressive in repurchasing their stock were as follows (% of all stocks repurchased): Information Technology (26.2%); Financials (17.3%); and Communication Services (12.0%), according to data from S&P Dow Jones Indices.

### Takeaway

Investors often view increases in dividend payouts and stock buybacks as signs of financial strength. Total dividend distributions and share repurchases rose to record levels in 2024, signaling improved financial performance among S&P 500 Index constituents. Notably, the top 20 companies accounted for just 49.0% of total buybacks in Q4'24, down from 53.2% in Q3'24. While the figure remains higher than the historical average (47.7%), the metric's decline may reflect improving financial conditions across a larger share of the Index's holdings. That said, today's data is lagged and occurred prior to recent disruption caused by tariffs. The Index's earnings outlook has weakened in recent months, which could threaten dividend growth and buyback announcements over the near-term. We will update this post with new information as it becomes available.