

Workflow, Resources & Tools for Building and Managing a DGI Portfolio

**OLLI Investment Forum
November 8, 2017**

Bob Baker

Discussion

- Building and managing a diversified DGI portfolio:
 - Why dividends?
 - Annual dividends and annual RMD obligations – a match made in heaven.
- Typical workflow, resources, and tools for:
 - Researching companies for adding to a watch list or trading shares (initiating a new position, adding to, or shaving off shares).
 - Evaluating high-growth holdings for potential re-allocation of funds (Benner theorem).
- Sources and timeframes for determining potential DGI holdings:
 - Everywhere, anytime, day or night.
- Personal goal: create a growing dividend income stream to satisfy – to the maximum extent possible – annual RMD distributions with minimal liquidation of equities for as long as possible.

A Few Caveats

- Investment approach applies to tax-deferred accounts (IRA, SEP, 401K, 403B) – since focus is cash dividends to pay annual RMDs.
- Sample portfolio is not personal portfolio. It is the MDI “Dividend Select Deferred Portfolio” from Morningstar’s Nov ‘17 newsletter.
 - 27 equity holdings, prices as of Oct. 10, 2017 per Morningstar
 - For each stock, their listed “Current Price” is my assumed average cost (since Morningstar no longer reveals their average cost/share).
 - Cash balance has been dropped from “equity” portfolio (although RMD must include cash holdings in the end-of-year balance).
 - Share quantities are intentionally inflated by 11X to bring portfolio to a nominal \$1M value to create a reasonable scenario for discussion.
- As an active investor, I do *trade* – although I do not “day-trade.”
 - By choice, workflow has become a “ritual” activity (practice, learning, doing) in retirement.
 - Daily monitoring of what’s happening in general, in sectors, and in specific companies – with time and energy for other activities.

A Few More Caveats

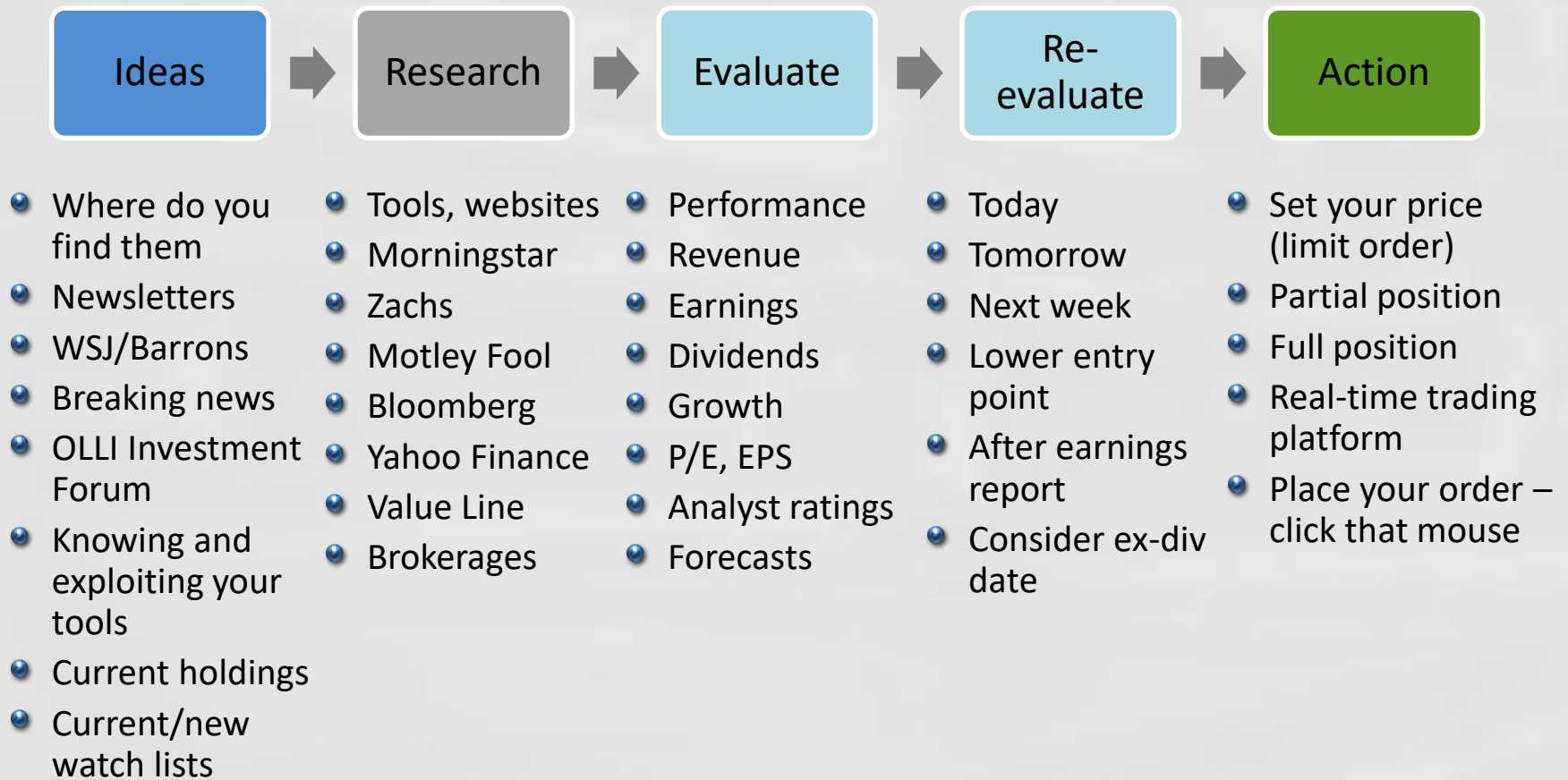
- Always have access to a computer, notebook, iPad or iPhone for accessing your tools for portfolio management and real-time trading anywhere, anytime.
- However, this approach, workflow, types of resources and tools are not for everyone.
- It's not a "set it and forget it" technique. It does require some attention and management.
- Dividend-yielding Index Funds and/or ETFs will produce a dividend income stream as cash to apply to annual RMDs – although at a lower yield and with associated expenses/fees.
- The "M" in RMD stands for "minimum" – so the approach discussed today means there is definitely room for seeing capital and portfolio growth as quality dividend stocks (of your choosing) grow their dividends each year.



Resources

- Wall Street Journal (on-line and delivery)
- Barron's (on-line and delivery)
- Seeking Alpha
- Dividend Newsletters
 - Morningstar Dividend Investor (via OIF – see AI)
 - Simply Safe Dividends Intelligent Income (subscription)
- Via Schwab real-time trading platform “StreetSmart Edge”
 - Morningstar Equity Analyst Report
 - Credit Suisse Research Report
 - Ned Davis Research Report
 - Argus Analyst Report
 - CFRA Stock Report
 - CNBC live market updates

Workflow – every investor should have one



Tools in the Toolkit

- Schwab “StreetSmart Edge”
 - Go-to program for a complete picture of all holdings and watch lists
 - Real-time full-service trading platform
 - Portal access to newsfeeds, analyst reports, CNBC business channel
 - Level II access to bid & ask quotes as they are happening
 - Trade execution and confirmation
 - Full charting, multiple watch lists, sync’ing with mobile devices
- Schwab brokerage website
 - Non-real-time full service brokerage website with access to news, metrics, financials, history, research reports, etc.
- Simply Safe Dividends
 - Powerful toolset and up-to-date database for researching, building, and evaluating actual as well as hypothetical (what-if) DGI portfolios.
 - Like SSE, SSD automatically syncs with mobile devices and other computers.

Workflow sequence options

- Start with StreetSmart Edge (demo)
 - Look at portfolio(s) and watch list(s)
 - Sort on “% change from 52 wk low” – look for possibilities
 - Sort on “% change” (day) – look for possibilities
 - Look at candlestick chart for a story (1 yr, 6 mo, 3 mo, 1 mo)
 - Look at current trading range with respect to 52 wk high and low
 - Look for current news
 - Look at volume
 - Consider Buffett: “Be greedy when others are fearful” – is it occurring?
 - Look at SSE Research (*ratings, earnings, summary, metrics*) – use as portal to view Argus, Ned Davis, Morningstar etc. research reports
 - Examine metrics, forecasts, revenues, growth, P/E, dividends, dividend growth, etc.
 - Is it a good value? Any interest? Any action?
 - Initiate? Add to?

Workflow sequence options (cont.)

- Start with Simply Safe Dividends (SSD)
 - DGI income research analysis, database, tools

AT&T (T): Is The Highest-Yielding Dividend Aristocrat A Value Trap Or A Bargain?

When it comes to safe and consistent dividend growth, few companies have done it better than the dividend aristocrats, S&P 500 companies with 25+ consecutive years of payout increases under their belt. Of these impressive dividend growers, AT&T (T) stands tall above all the rest with a 5.9% dividend yield. When combined with the company's 33 straight years of dividend increases, AT&T could deserve consideration as one of the best high dividend stocks. One of the reasons AT&T's yield is so high is because the company's stock price has dropped by more than 15% over the past month. That's a surprisingly big move for a stock that is held by most investors for its safe income and defensive qualities. [...]



- SSD DGI Newsletter / Morningstar DGI Newsletter

SIMPLY SAFE DIVIDENDS
November 2017
Published on 11/6/17

Intelligent IncomeSM

Quality dividend ideas for safe income and long-term growth

Monthly Recap

The S&P 500 Index ([SPY](#)) returned 2.4% in October, logging its seventh consecutive month of gains. The market has now surged 16.7% year-to-date and is up more than 23% over the past year.

In This Issue

- [Portfolio Updates](#)
- [Performance](#).....8
- [Top 20 Stocks](#).....12

MORNINGSTAR[®]
October 2017 Vol. 13 No. 9

Dividend InvestorSM

Quality insights for current income and income growth from stocks

Let's Talk About the Weather

by David Harrell and Michael Hodel, CFA

better predictor of Compass' sales for a season. Four separate one-inch snowfalls, for example, would probably require municipalities to use more deicing salt than they would for a single five-inch snowfall.)

In his analysis, Goldstein finds this greater volatility of weather is the culprit behind two successive years with 15% fewer snow days than average. Longer term, however, he concludes that climate change should have a relatively modest impact on the company. Based on current trends, a decade from now climate

At this point, investors in Compass Minerals CMP, a holding in both Dividend Select portfolios, are probably aware of how the company's revenue has been hampered by two successive winters with a

Michael Hodel, CFA
Editor
Portfolio Manager
Morningstar Investment Management LLC

David Harrell
Managing Editor

Sources for Growth-based Holdings



Dividend Aristocrats

The Dividend Aristocrats Index contains companies in the S&P 500 Index that have increased dividends every year for the last 25 straight years. Dividend Aristocrats are large cap, blue chip companies from many different industries.



Dividend Kings

Dividend kings are a rare breed of companies that have raised their dividend for more than 50 consecutive years.



10+ Year Dividend Growers

These consistent dividend growth companies have raised their annual dividend for at least 10 consecutive years.



20+ Year Dividend Growers

These consistent dividend growth companies have raised their dividend for at least 20 consecutive years.



Buffett's Picks

When Mr. Buffett places a bet, we listen. This list contains information on all of the stock's currently in Warren Buffett's portfolio that pay a dividend.

Sources (cont.)



Real Estate Investment Trusts

This list covers over 225 real estate investment trusts (“REITs”). REITs typically provide high dividends and the potential for moderate capital appreciation. These companies are required to pay out at least 90% of their taxable income to shareholders in the form of dividends, making them a strong income-generating investment.



Safe Dividend Stocks

The Safe Dividend Stocks list contains the highest rated stocks for safety, making them more appropriate for investors concerned more with safe passive income and less with longer-term growth potential. These companies generally maintain low levels of debt, produce consistent free cash flow, generate moderate-to-high returns on equity, and have moderate-to-low payout ratios.



High Growth

High dividend yields aren't everything. In many cases, you would be better served buying a lower yielding stock with better growth prospects and less fundamental risk. This list identifies stocks with high Growth Scores, above-average long-term sales and earnings growth, average-to-low debt, high dividend growth in recent years, and moderate-to-low payout ratios.



High Yield

Stocks on this list have dividend yields in excess of 5% and plenty of potential to provide immediate high income. But, how can you know if the dividend payment is safe? Simply knowing the dividend yield and payout ratio is not enough. Fortunately, our proprietary Safety Score metric evaluates a company's debt level, cash flow generation, sales growth, profitability trends, cyclicality and more to get a better sense of the yield's safety. Increase your portfolio's income level without taking irresponsible risk.

Tools – Schwab “StreetSmart Edge”

- Real-time streaming trading platform

StreetSmart edge[®] Live SDJ 23557.23 +8.81 (+0.04%) \$COMPX 6767.78 -18.65 (-0.27%) \$SPX 2590.64 -0.49 (-0.02%) After-Hours 18:17:35

File Settings Schwab.com Help Current build: 1.50.130.0 Show Balances

Trader Screen/Research Dividends + Launch Tools Find Active Tools

Watch List

Symbol	Description	Sector	SER	News	% Chg fr 52 Wk Low	% Char	Change	Prev Close	Last Trade	Low	High	Low 52 Wk
LAMR	Lamar Advc	Real Estate	D		+31.58	+3.07	+2.30	74.91	77.21	75.15	77.90	58.68
AEP	Amer Elect	Utilities	C		+29.88	+1.98	+1.46	73.73	75.19	73.56	75.19	57.89
PPL	Ppl Corpora	Utilities	C		+14.63	+1.92	+0.70	36.51	37.21	36.53	37.27	32.46
O	Realty Incm	Real Estate	D		+6.64	+1.74	+0.96	55.26	56.22	55.25	56.47	52.72
GIS	General Mil	Consumer S	D		+2.34	+1.74	+0.87	50.10	51.25	49.65	51.03	50.08
DUK	Duke Energ	Utilities	C		+23.51	+1.70	+1.49	87.87	89.35	87.61	89.43	72.34
AMGN	Amgen Inc	Health Care	B		+29.70	+1.57	+2.68	170.80	173.33	170.6	174.7	133.64
MO	Altria Grou	Consumer S	F		+6.55	+1.36	+0.86	63.45	63.94	63.25	64.37	60.01
LNT	Alliant Ener	Utilities	D		+26.63	+1.33	+0.58	43.59	44.17	43.51	44.21	34.88
PG	Procter & G	Consumer S	A		+7.11	+1.08	+0.93	86.05	86.95	85.42	87.00	81.18
KO	Coca Cola C	Consumer S	C		+15.22	+1.03	+0.47	45.47	45.95	45.31	45.95	39.88
D	Dominion E	Utilities	D		+17.09	+1.03	+0.83	80.56	81.39	80.35	81.62	69.51
HCN	Welltower I	Real Estate	D		+15.49	+0.87	+0.59	68.00	68.59	68.30	69.80	59.39
PM	Philip Morr	Consumer S	D		+18.71	+0.86	+0.88	102.14	103.02	101.9	103.1	86.78
COMP	Compass M	Materials	D		+11.02	+0.45	+0.30	66.00	66.30	65.80	66.35	59.72
GE	General Ele	Industrials	D		+2.85	+0.40	+0.08	20.13	20.19	20.12	20.25	19.63
VTR	Ventas Inc	Real Estate	C		+14.47	+0.37	+0.24	64.09	64.33	64.01	64.59	56.20
SO	Southern G	Utilities	B		+12.55	+0.14	+0.07	51.65	52.00	51.31	51.99	46.20
PFE	Pfizer Incor	Health Care	B		+18.74	+0.11	+0.04	35.32	35.42	35.24	35.42	29.83

PG Procter & Gamble

Extended Hours: 86.95 ▲ +0.93 (1.08%) ▼ -0.030 (0.03%)

PG : 100 Days : Daily PG : 49 Periods : 60 Minute PG : 267 Periods : 30 Minute UPS : 23 Periods : 15 Minute PG : 1 Period : 5 Min

Date: 11/07/2017 Open: 86.04 High: 87.00 Low: 85.42 Close: 86.98 Volume: 6,874,115

Action	Quantity	Venue	Order Type	Limit Price	Timing
Buy	100	Smart	Limit	87.27	Day

Stock/ETF + Actions

Market Depth

Symbol	Price	Quantity	Time	Symbol	Price	Quantity	Time
NBSO	86.90	1	17:55	arca	87.27	300	18:15
arca	86.90	400	18:15	arca	87.24	1	16:59
arca	86.87	500	18:15	EDGX	87.40	100	18:02
arca	86.86	1,000	18:15	nadq	87.42	200	18:15
arca	86.84	475	18:15	nadq	87.42	200	16:54
NBSQ	86.44	100	16:54	arca	87.76	10	18:15
EDGX	86.25	100	18:02	arca	88.00	52	18:15
nadq	85.68	25	18:15	nadq	88.06	10	18:15
nadq	85.50	70	18:15	arca	88.36	10	18:15
arca	85.50	50	18:15	arca	88.43	82	18:15
nadq	85.40	47	18:15	nadq	88.66	10	18:15
arca	85.31	19	18:15	arca	88.96	10	18:15
arca	85.20	15	18:15	nadq	89.00	150	18:15
nadq	85.00	39	18:15	arca	89.00	4	18:15
arca	85.00	170	18:15	arca	89.02	17	18:15
nadq	84.90	26	18:15				

Tools – Schwab Website

- Non-real-time full service brokerage website with access to news, metrics, financials, history, research reports, etc.

Procter & Gamble Co **PG:NYSE**
Household Products [Trade](#)

Last Price **\$86.98** Today's Change **+0.93 (1.08%)** Bid/Size **\$86.90/4** Ask/Size **\$87.27/3** Today's Volume **6,874,115** Average **A** Schwab Equity Rating® Data as of 11/03/2017* [Second Quarter Earnings Announcement Expected](#) [Margin Requirements](#)

[Summary](#) [News](#) [Charts](#) [Ratings](#) [Earnings](#) [Statements](#) [Peers](#) [Ratios](#) [Dividends](#) [Reports](#) [Options](#) [Preferreds](#)

[Quote Details](#) [Sector Overview](#) [Total Return](#) [Historical Quote](#) [Key Fundamentals](#)

1 Day 5 Days 1 Month 3 Month 6 Month YTD 1 Year 3 Years 5 Years Show Events

PG:NYSE As of close Tuesday, 11/07/2017 **+1.90 (2.23%)**

Details	
Today's Open	\$86.04
Previous Close	\$86.05
Day's Range	\$85.42 - \$87.00
52 Week Range	\$81.18 - \$94.67
Beta (5 Year)	0.66
Average Volume (10 Day)	6,691,540
Put/Call Ratio (1 Day)	0.6
Put/Call Ratio (30 Day)	0.5

Earnings TTM (GAAP) Details		Dividends as of 11/06/2017 Details	
Earnings Per Share (10/20/2017)	\$3.7421	Quarterly Dividend	\$0.6896
Price/Earnings	22.99	Annual Dividend Rate (IAD)	\$2.76
Forward P/E	20.63	Annual Dividend Yield	3.21%
Price to Earnings / Growth (PEG)	3.48	Previous Ex-Date	Oct 19, 2017
		Next Pay Date	Nov 15, 2017

Shares	
Market Capitalization (Large Cap)	\$218.3B
Enterprise Value	\$238.1B
Shares Outstanding	2,537B
Shares Held By Institutions	58%
Short Interest (as of 10/13/2017)	1.1%

News Headlines [Hide Abstracts](#)

[Form 11-K PROCTER & GAMBLE Co For: Jun 30](#)
US Securities and Exchange Commission - 9:04 AM ET, 11/06/2017

Filed on: November 6, 2017.

Headlines for November 03, 2017

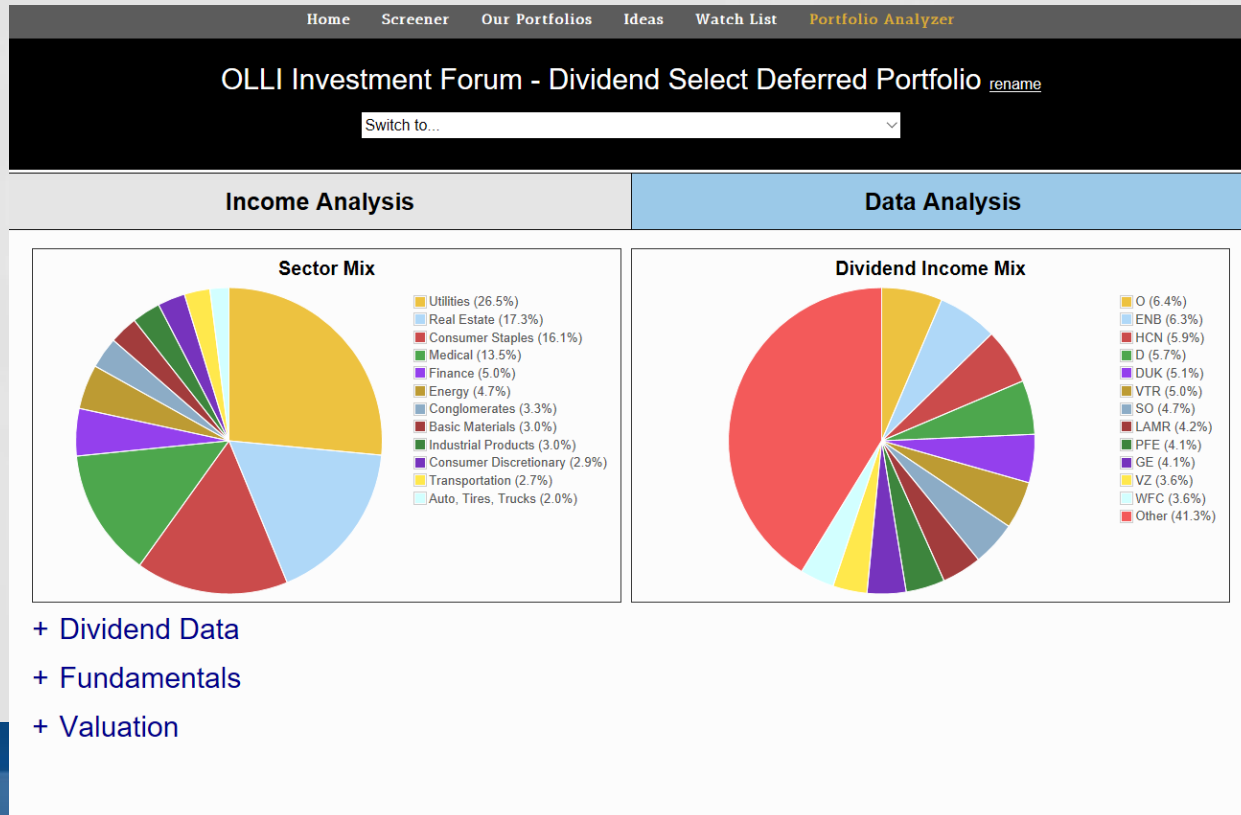
Ratings Summary

Schwab Equity Ratings®
[Learn more about Schwab Equity Ratings](#)
Rating as of 11/03/2017

F D C B **A**

Tools – “Simply Safe Dividends”

- Powerful tool and database for analysis and evaluation of DGI stocks
- “Portfolio Analyzer” allows building multiple portfolios and easily perform “what-if” scenarios – before committing to trades
- Updated nightly from Zacks
- Analyses, research reports, and newsletter cover full spectrum of DGI stocks.



SSD Example – PG Snapshots

+ PG — Procter & Gamble Company (The)

Consumer Staples — Soap & Cleaning Preparations

Price: \$86.98 Market Cap: \$221B Dividend Yield: 3.17% Beta: 0.66

52 Week Price Range: \$81.18 - \$94.67 Percent Above Low: 7%

Research Link: [8.13.15](#), [10.27.15](#), [12.8.16](#)

Safety

99

Growth

46

Yield

69

Valuation

P/E Ratio: 15.3 Sector P/E: 25.2 FCF Yield: 4.3%
EV / EBIT: 17.2 Div. Yield: 3.17% P/B Ratio: 4.0

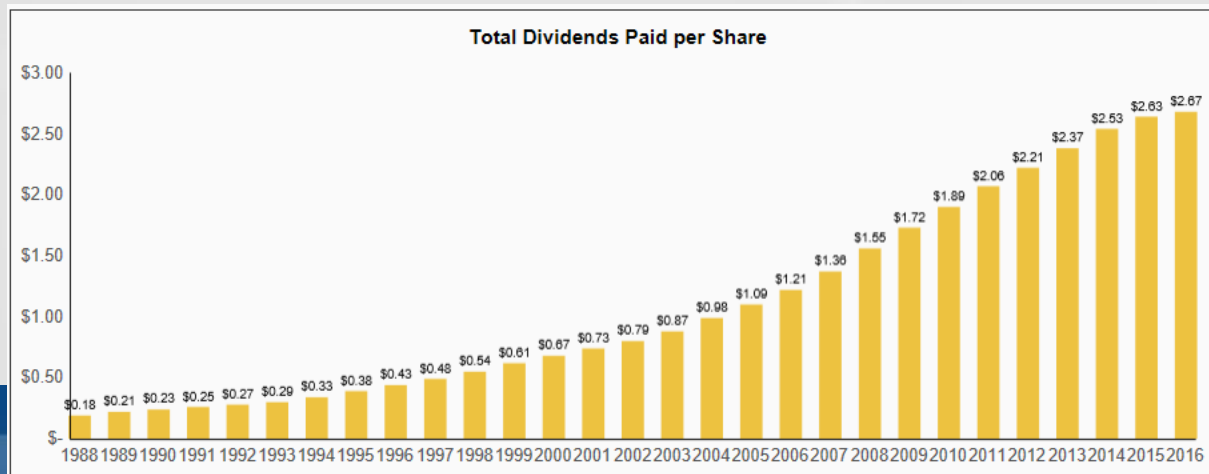
The Procter & Gamble Company is focused on providing branded consumer packaged goods of superior quality and value to improve the lives of the world's consumers. Segments include: Beauty (deodorant, cosmetics, hair care, skin care); Grooming (blades, razors, hair removal); Health Care (oral care and personal health care products); Fabric Care and Home Care (laundry detergents and additives, air care, dish care, batteries); and Baby and Family Care (wipes, diapers, adult incontinence, paper towels, tissues, toilet paper). Its products are sold in more than 180 countries primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons, distributors, e-commerce and high-frequency stores.

Dividend Information

Dividend Yield	Annual Payout	EPS Payout Ratio	FCF Payout Ratio	Ex-Dividend Date	Pay Date	Payment Frequency
3.17%	\$2.76	48%	74%	2017-10-19	2017-11-15	Quarterly

Historical Dividend Growth

Dividend Growth Streak	1-Year Growth	3-Year CAGR	5-Year CAGR	10-Year CAGR	20-Year CAGR
20+ Years	1.6%	4.1%	5.3%	8.2%	9.6%



SSD Example – MDI Portfolio

OLLI Investment Forum - Dividend Select Deferred Portfolio [rename](#)

Switch to...

Income Analysis

Projected Annual Dividend Income: **\$39,245**

Total Market Value of Portfolio: \$1,030,979

Add a new holding:

[Reset Current Portfolio](#)

Data Analysis

Dividend Yield

3.81%

Yield on Cost

3.73%

Dividend Safety

75

Dividend Growth

40

Beta

0.65

Ticker ▲	Shares Owned	Cost per Share	Last Price	% of Portfolio	Dividend Safety	Dividend Growth	Cost Basis	Market Value	Change Since Purchase	% Gain or Loss	Yield on Cost	Dividend Yield	Annual Income
Total	18,719.0				75	40	\$1,052,452.72	\$1,030,978.91	(\$21,473.81)	-2.04%	3.73%	3.81%	\$39,244.85

*Portfolio (next slide) is the Morningstar “Dividend Select Deferred Portfolio”
from the Nov ‘17 newsletter (11x shares)*

Average share cost valuation based on 11/06/17 closing prices

Gain/loss valuation based on 11/07/17 closing prices

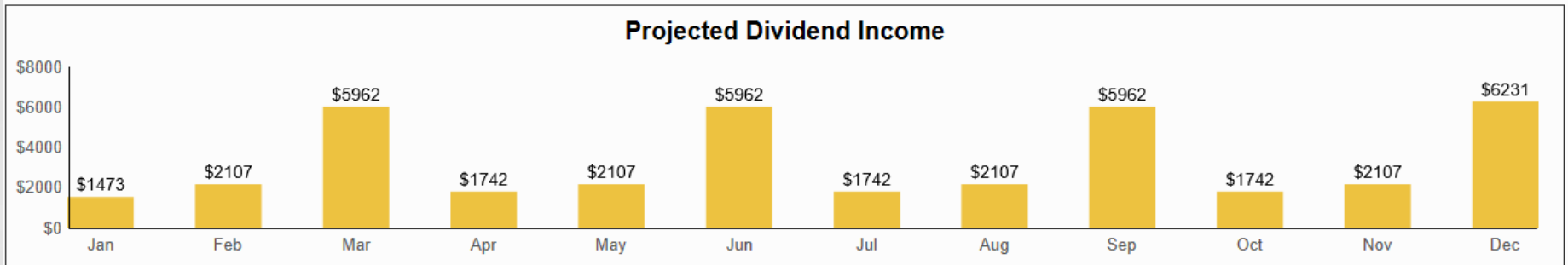
Dividend Select Deferred Portfolio

(shown as watch list on Schwab trading platform – close 11/07/17)

Symbol ^	Description	Sector	SER	News	% Chg frm 52 Wk Low	% Change	Change	Prev Close	Last Trade	Low	High	Low 52 Wk	High 52 Wk	Volume	Avg Vol 1 Mo	Dividend Yr	Dividend Am	Ex-Date	Pay Date
AEP	Amer Electr	Utilities	C		+29.88	+1.98	+1.46	73.73	75.19	73.56	75.19	57.89	74.92	2,186,918	2,029,336	3.30	2.48	11/09/2017	12/08/2017
AMGN	Amgen Incc	Health Care	B		+29.81	+1.57	+2.68	170.80	173.48	170.6	174.7	133.64	191.10	3,056,724	2,979,534	2.65	4.60	11/16/2017	12/08/2017
CMP	Compass M	Materials	D		+11.02	+0.45	+0.30	66.00	66.30	65.80	66.35	59.72	84.40	422,504	347,721	4.34	2.88	08/30/2017	09/15/2017
D	Dominion E	Utilities	D		+17.09	+1.03	+0.83	80.56	81.39	80.35	81.62	69.51	82.13	1,684,802	2,181,717	3.78	3.08	11/30/2017	12/20/2017
DUK	Duke Energ	Utilities	C		+23.53	+1.70	+1.49	87.87	89.36	87.61	89.43	72.34	89.50	2,304,027	2,261,680	3.98	3.56	11/16/2017	12/18/2017
EMR	Emerson El	Industrials	B		+27.68	-2.23	-1.44	64.52	63.05	62.68	64.38	49.38	67.79	4,353,794	3,190,164	3.05	1.92	08/09/2017	09/11/2017
ENB	Enbridge In	Energy	NC		+0.60	-0.30	-0.11	36.82	36.71	36.53	36.80	36.49	44.52	3,234,468	2,363,726	5.18	1.90	11/14/2017	12/01/2017
GE	General Ele	Industrials	D		+2.95	+0.40	+0.08	20.13	20.21	20.12	20.25	19.63	32.38	41,203,26	91,819,330	4.75	0.96	09/15/2017	10/25/2017
GIS	General Mil	Consumer S	D		+1.78	+1.74	+0.87	50.10	50.97	49.65	51.03	50.08	64.06	3,654,935	3,494,804	3.85	1.96	10/06/2017	11/01/2017
GPC	Genuine Pa	Consumer D	D		+8.23	-0.95	-0.83	87.26	86.43	86.05	87.81	79.86	100.90	724,504	854,974	3.12	2.70	09/07/2017	10/02/2017
HBI	Hanesbranc	Consumer D	D		+0.90	-1.34	-0.26	19.34	19.08	18.98	19.50	18.91	26.05	8,065,195	6,330,877	3.14	0.60	11/13/2017	12/05/2017
HCN	Welltower	Real Estate	D		+15.51	+0.87	+0.59	68.00	68.60	68.30	69.80	59.39	78.17	2,635,670	1,557,121	5.07	3.48	11/06/2017	11/20/2017
JNJ	Johnson &	Health Care	B		+27.84	+0.01	+0.01	139.76	139.76	138.9	140.1	109.32	144.35	4,164,268	5,767,025	2.40	3.36	11/27/2017	12/12/2017
KO	Coca Cola C	Consumer S	C		+14.84	+1.03	+0.47	45.47	45.80	45.31	45.95	39.88	46.98	9,753,634	7,974,735	3.23	1.48	11/30/2017	12/15/2017
LAMR	Lamar Adve	Real Estate	D		+31.58	+3.07	+2.30	74.91	77.21	75.15	77.90	58.68	79.09	1,513,723	594,514	4.30	3.32	09/14/2017	09/29/2017
LNT	Alliant Ener	Utilities	D		+26.63	+1.33	+0.58	43.59	44.17	43.51	44.21	34.88	44.39	1,061,897	1,317,442	2.85	1.26	10/30/2017	11/15/2017
MO	Altria Grou	Consumer S	F		+7.15	+1.36	+0.86	63.45	64.30	63.25	64.37	60.01	77.79	5,966,523	6,745,830	4.11	2.64	09/14/2017	10/10/2017
O	Realty Incm	Real Estate	D		+6.64	+1.74	+0.96	55.26	56.22	55.25	56.47	52.72	63.60	1,691,143	1,662,097	4.52	2.54	10/31/2017	11/15/2017
PFE	Pfizer Incor	Health Care	B		+18.39	+0.11	+0.04	35.32	35.32	35.24	35.42	29.83	36.78	9,537,682	15,580,587	3.62	1.28	11/09/2017	12/01/2017
PG	Procter & G	Consumer S	A		+7.05	+1.08	+0.93	86.05	86.90	85.42	87.00	81.18	94.67	6,827,407	8,002,985	3.18	2.76	10/19/2017	11/15/2017
PM	Philip Morr	Consumer S	D		+18.70	+0.86	+0.88	102.14	103.01	101.9	103.1	86.78	123.55	3,579,474	4,237,609	4.15	4.28	09/26/2017	10/12/2017
PPL	Ppl Corpora	Utilities	C		+14.63	+1.92	+0.70	36.51	37.21	36.53	37.27	32.46	40.20	2,671,399	3,167,891	4.25	1.58	09/07/2017	10/02/2017
SO	Southern Ci	Utilities	B		+11.95	+0.14	+0.07	51.65	51.72	51.31	51.99	46.20	53.51	5,404,172	4,166,675	4.49	2.32	11/17/2017	12/06/2017
UPS	United Parc	Industrials	D		+11.58	+0.03	+0.03	113.92	113.95	113.6	114.8	102.12	121.75	2,686,276	2,473,127	2.91	3.32	11/10/2017	11/29/2017
VTR	Ventas Inc	Real Estate	C		+14.47	+0.37	+0.24	64.09	64.33	64.01	64.59	56.20	72.36	1,435,737	1,678,577	4.82	3.10	09/11/2017	09/29/2017
VZ	Verizon Cor	Telecommu	D		+6.54	+0.09	+0.04	45.53	45.60	44.68	45.59	42.80	54.83	25,671,14	16,314,132	5.18	2.36	10/06/2017	11/01/2017
WFC	Wells Fargo	Financials	C		+23.74	-2.01	-1.13	56.18	55.05	54.67	56.29	44.49	59.99	18,126,86	16,826,363	2.83	1.56	11/02/2017	12/01/2017

SSD Example – MDI Portfolio (cont.)

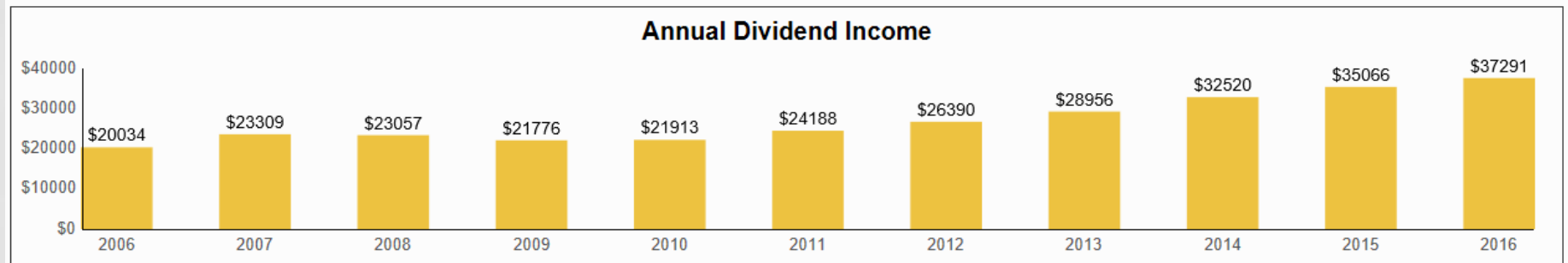
- Monthly Dividend Income



- Yearly Dividend Income

Portfolio's Historical Income Growth

1-Year Growth	5-Year CAGR	10-Year CAGR
6.3%	9.0%	6.4%



SSD Example – MDI Portfolio (cont.)

Income Growth Potential

The 'Portfolio's Historical Income Growth' table below shows your portfolio's historical dividend growth over several different time periods. The 'Projected Annual Dividend Income' table projects your portfolio's dividend income over the next 5, 10, 15, and 20 years based on a range of annual growth rates found under the 'Income CAGR' column. The income figures assume that dividends are not reinvested and you make no additional contributions to your portfolio. This data can help you project a range of future income levels based on different dividend growth scenarios.

Portfolio's Historical Income Growth

1-Year Growth	5-Year CAGR	10-Year CAGR
6.3%	9.0%	6.4%

Projected Annual Dividend Income

Income Growth per Year	Projected Annual Dividend Income			
	5 Years	10 Years	15 Years	20 Years
1%	\$41,248	\$43,352	\$45,563	\$47,887
2%	\$43,330	\$47,840	\$52,820	\$58,317
3%	\$45,497	\$52,743	\$61,144	\$70,882
4%	\$47,748	\$58,093	\$70,679	\$85,992
5%	\$50,089	\$63,927	\$81,589	\$104,131
6%	\$52,520	\$70,283	\$94,055	\$125,866
7%	\$55,044	\$77,202	\$108,280	\$151,869
8%	\$57,665	\$84,729	\$124,494	\$182,923
9%	\$60,384	\$92,909	\$142,952	\$219,949
10%	\$63,206	\$101,793	\$163,939	\$264,026
11%	\$66,131	\$111,435	\$187,775	\$316,411
12%	\$69,164	\$121,891	\$214,814	\$378,576
13%	\$72,308	\$133,222	\$245,453	\$452,232
14%	\$75,564	\$145,493	\$280,134	\$539,373
15%	\$78,937	\$158,771	\$319,345	\$642,317

Time to Look at RMDs

- Assumption: MDI Portfolio balance is the 2017 year-end IRA(s) balance
- Using Schwab's RMD calculator to determine the RMD that must be made during 2018:

Would have been better to run analysis after 1/1/18

If you're over age 70½ you may be subject to taking annual withdrawals or required minimum distributions (RMDs) from your tax-deferred retirement accounts such as a traditional IRA. This tool will help you estimate the annual withdrawals you may need to take.

[Calculator Assumptions](#)

Account Balance: \$
(As of 12/31 of last year)

— +
\$0 \$7M

Your Date of Birth:

Primary Beneficiary:

Primary Beneficiary Date of Birth:

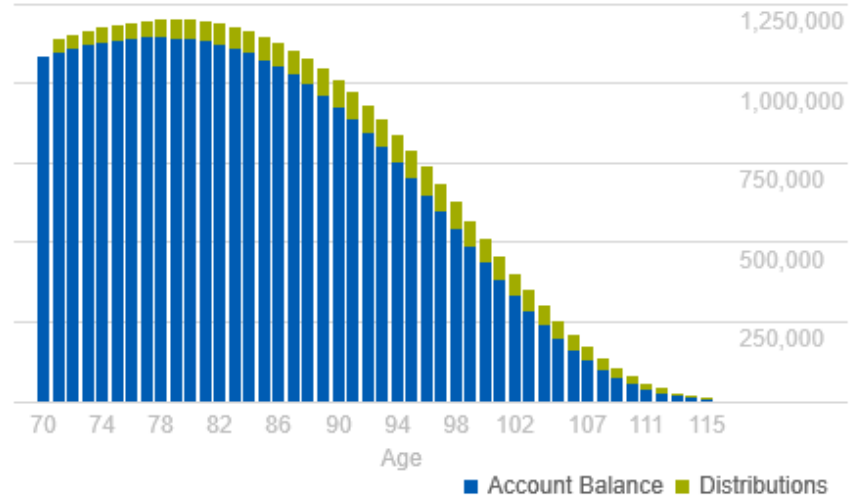
Estimated Rate of Return: %

— +
0% 12%

[Print your results](#)

Your Required Minimum Distribution is: \$40,850.11
(starting at the age of 71)

Scroll over the chart to show your estimated RMD over the next 45 years based on your inputs.



3.00

Time to Look at RMDs (cont.)

Estimated Account Balance (\$)	Minimum RMD (\$)	Age	Life Expectancy Multiple
1,082,527.95	0.00	70	27.4
1,095,804.24	40,850.11	71	26.5
1,107,789.60	42,804.85	72	25.6
1,118,329.29	44,849.78	73	24.7
1,127,257.13	46,988.63	74	23.8
1,134,394.79	49,225.20	75	22.9
1,139,551.13	51,563.40	76	22.0
1,142,776.27	53,752.41	77	21.2
1,143,620.69	56,294.40	78	20.3
1,142,154.51	58,647.21	79	19.5
1,138,184.45	61,077.78	80	18.7
1,131,507.95	63,585.72	81	17.9
1,121,913.29	66,170.06	82	17.1
1,109,179.92	68,829.04	83	16.3
1,093,078.92	71,559.99	84	15.5
1,073,876.18	73,856.68	85	14.8
1,051,408.56	76,161.43	86	14.1
1,025,515.66	78,463.33	87	13.4
996,042.18	80,749.26	88	12.7
962,840.78	83,003.52	89	12.0
926,523.10	84,459.72	90	11.4
887,060.08	85,789.18	91	10.8
844,446.41	86,966.67	92	10.2
798,705.56	87,963.17	93	9.6
750,871.00	87,769.84	94	9.1
701,103.96	87,310.58	95	8.6
649,603.12	86,556.05	96	8.1
596,609.18	85,474.09	97	7.6
542,410.18	84,029.46	98	7.1
488,573.94	80,956.74	99	6.7
435,451.22	77,551.42	100	6.3

- Contrast the RMD vs age with the projected annual dividend income from the MDI Dividend Select Deferred Portfolio over 5 years, 10 years – assuming no further growth in shares and/or equity holdings.

Projected Annual Dividend Income

Income Growth per Year	Projected Annual Dividend Income		
	5 Years	10 Years	15 Years
1%	\$41,248	\$43,352	\$45,563
2%	\$43,330	\$47,840	\$52,820
3%	\$45,497	\$52,743	\$61,144
4%	\$47,748	\$58,093	\$70,679
5%	\$50,089	\$63,927	\$81,589
6%	\$52,520	\$70,283	\$94,055
7%	\$55,044	\$77,202	\$108,280
8%	\$57,665	\$84,729	\$124,494
9%	\$60,384	\$92,909	\$142,952
10%	\$63,206	\$101,793	\$163,939

Considerations for RMDs from Dividends

- Qualified dividends are taxed at the same lower rates as long-term capital gains.
- Nonqualified ordinary dividends, such as those paid by many real estate investment trusts (REITs), are taxed at ordinary income rates.
- IRS allows for an "aggregation" of IRAs - they could care less which IRAs you take the distribution from - they just want you to withdraw at least the minimum amount.
- Take your RMD from your best performing account or better yet any IRAs that have excess cash from accumulated dividends.
- Knowing what your RMD is at the beginning of the year, set up automatic monthly transfers from your brokerage to your taxable account. At the end of the year, your RMD has been paid and you have created an additional stream of monthly income.

Questions