

# THE LASTING POWER OF INCOME INVESTING THROUGH DIVIDEND FUNDS



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# TUESDAY TIMES

## THE LASTING POWER OF INCOME INVESTING THROUGH DIVIDEND FUNDS

### DO YOU KNOW WHY REAL ESTATE INVESTORS ARE SO SAVVY?

They are savvy because they almost never leave their properties, vacant and idle. They understand that the physical property assets in their wealth portfolio is highly illiquid, hence they need to find ways to generate income. They try to create income and cash flow by renting, or leasing their properties.

Do you know that you could deploy a similar method called, Income Investing, by leveraging on stocks, funds and the right insurance solutions too?

- ✓ What is Income Investing and Dividends?
- ✓ Can your insurance policies also provide you with dividends?
- ✓ 3 Income Investing Philosophies on Fund Selection

### WHAT IS INCOME INVESTING?

Income Investing is to invest in assets that can generate a regular stream of income. Income Investing is therefore a great way to pay for your future retirement, children's university education costs, or any other periodic payment.

In this article, I'll share on this steady return of cash that will be generated through fund dividends.

### What are DIVIDENDS?

Investing in dividend funds and stocks enable you to gain "rents" from the stock market. Income Investing is also considered a 'safer' approach as compared to other investment techniques and systems in the stock market.

1. Dividends from Stocks. Dividends are a percentage of the profit a business pays out to the shareholders who have bought their dividend stocks. They can be paid at periodic intervals; monthly, quarterly, half-yearly or annually.
2. Dividends from Funds. These funds are focused on both capital appreciation and income as their long-term goal. The funds invest in a variety of stocks, of which most pay a dividend. The funds may also invest in high coupon bonds so as to provide shareholders with regular income year after year.



## CAN YOUR INSURANCE POLICIES ALSO PROVIDE YOU WITH DIVIDENDS?

Insurance companies offer whole life insurance policies that pay dividends too. Whole life insurance is a type of permanent or "cash value" life insurance that provides benefits and in general, up to age 100. These policies are known as participating whole life insurance. Since the policy owners participate in the profits generated by the company, policy owners also receive the dividends too. From this perspective, it may help to explain that this is one of the long-lasting reasons why purchasing whole life insurance is always beneficial over a term life insurance.

### 3 INCOME INVESTING PHILOSOPHIES ON FUND

From the past 19 years of investing, I have stood by these 3 income investing philosophies. Of late, I've also added in a bonus 4th point.

Return on Investments (10 Years)	Historical Records (10 Years)	Diversification Level
Must range from 4-6%	Must Issue out dividends	Must be across Region / Global / Different Industries
✓ Bonus: World Class Fund Managers that are aligned with my strategies, and professional oversight.		

The dividends that you will receive in your income portfolio, sends out a very lasting and powerful message on the funds' future growth prospects, and their robust fundamentals.

In general, mature, slower-growing stocks and funds tend to pay regular dividends. Therefore by looking at the historical records of these dividend payments, you will be able to ascertain if the fund managers are positioned to stay for the long haul, or just a flash in the pan.

### ABOUT THE AUTHOR

Mark Chew is is a licensed Financial Practitioner and an active IFPAS member. He holds the Certificate Estate Planner (CEP), Certified NLP Practitioner and Associate Estate Planning Practitioner (AEPP) designations.

