



You may have heard that both Amazon and Alphabet recently announced stock splits. But what you may have missed is the subplot to the unfolding story.

The decision to split makes it likely that one of them will be added to the Dow Jones Industrial Average (DJIA) the next time there's a change.

The DJIA is a price-weighted index, meaning its value is derived from the price per share for each stock divided by 30. Some believe that Google and Amazon were too high priced to get selected. By splitting, they improve their chances.

Amazon says it plans to split 20-for-1 in early June. Were the stock to close at \$2,500 on the day of the split, each share would go to \$125 and each existing holder would get 19 additional shares for every one they own.

Alphabet says it plans to split 20-for-1 in mid-July. Shareholders will get the same treatment.

A company's board of directors makes stock-split decisions. Among other reasons, the board is looking to make the shares more affordable to employees and individual investors.

Stock splits can be confusing, so please reach out if you want more detailed information. And remember, Amazon and Alphabet are highlighted because they are splitting their shares. This is not a solicitation to buy or sell the securities.

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