

VIP\$ Dividends and the Peg



The [VIP\\$](#) dividend is paid whenever any rent is paid, and compounded daily. Every day, one's account balance will grow.

A combined 42.5% of the [net rents](#) go to the [Earth Dividend Subsidy Fund \(EDSF\)](#) and dividend. When the VIP\$ trades at 99% [peg](#), 5% of net rents pays the dividend and 37.5% of net rents goes to the EDSF.

To hold the value of the VIP\$ down at 99%, the dividend drops by 0.1% for every 0.01% of increase to the VIP\$ at or over 99.1% of peg. If the VIP\$ rises to 99.1% of peg, the dividend drops to 4.9%. At 99.5% of peg, the dividend disappears altogether and the EDSF would get the full 42.5% of net rent.

To pull the value of the VIP\$ up to 99%, the dividend rises by 0.1% for every 0.01% decrease of the market VIP\$ as a percent of peg. This can only happen if the [ABC](#) fails to hold 99%.

If the VIP\$ drops to 98.61% of peg, the dividend increases to 8.9% of net rents. If the VIP\$ drops to 95.25% of peg, the dividend increases to 42.5% net rents. The dividend can never exceed 42.5% net rents.

With the exception of the diminishing returns of the [sales mode](#), rent will increase with progress, density, and inflation. For that reason, the dividend constitutes a real (inflation-proof) rate of return.

As a result of sales mode, the dividend in month 16 is a high real rate of 1.424%. This is at 5% of net rents. Supposing that the VIP\$ fell to 95.25% peg, it would pay an annualized real dividend of 12.104% at 42.5% of net rent. This is an unheard-of real rate of return.

Even if a discount exists only for a few moments, return is compounded continuously, so gains are always realized. As trust is established, discounted VIP\$ will quickly become a repository for overnight parking of funds.

Projected Real VIP\$ Dividends at Different Discounts to Peg										
% peg	99%	98.50%	98%	97.50%	97%	96.50%	96%	95.50%	95.25%	
% net rent	5%	10%	15%	20%	25%	30%	35%	40%	42.50%	
Month	Default									
1	3.89%	7.78%	11.67%	15.56%	19.45%	23.34%	27.23%	31.11%	33.06%	
2	3.02%	6.05%	9.07%	12.09%	15.11%	18.14%	21.16%	24.18%	25.69%	
3	2.48%	4.96%	7.43%	9.91%	12.39%	14.87%	17.35%	19.83%	21.06%	
4	2.15%	4.30%	6.45%	8.60%	10.74%	12.89%	15.04%	17.19%	18.26%	
5	1.99%	3.97%	5.96%	7.94%	9.93%	11.91%	13.90%	15.88%	16.87%	
6	1.87%	3.74%	5.61%	7.49%	9.36%	11.23%	13.10%	14.97%	15.91%	
7	1.79%	3.58%	5.37%	7.16%	8.96%	10.75%	12.54%	14.33%	15.22%	
8	1.72%	3.45%	5.17%	6.90%	8.62%	10.35%	12.07%	13.80%	14.66%	
9	1.66%	3.33%	4.99%	6.65%	8.32%	9.98%	11.64%	13.31%	14.14%	
10	1.65%	3.29%	4.94%	6.58%	8.23%	9.87%	11.52%	13.16%	13.99%	
15	1.69%	3.37%	5.06%	6.75%	8.44%	10.12%	11.81%	13.50%	14.34%	
20	1.69%	3.37%	5.06%	6.74%	8.43%	10.12%	11.80%	13.49%	14.33%	
25	1.68%	3.36%	5.05%	6.73%	8.41%	10.09%	11.77%	13.46%	14.30%	
30	1.70%	3.41%	5.11%	6.82%	8.52%	10.22%	11.93%	13.63%	14.48%	

Normally, at 99% of the peg, the VIP\$ pays 5% of the net rent as a dividend. The projected return is shown in this column with the additional "Default" label. Monthly projections use slightly different assumptions than those found in [ABC - The First 20 Years](#). Should discounts deeper than 1% develop, dividends paid are shown in the associated column.

These real rates of return serve to counter any temporary VIP\$ drop below 99%.

Will retailers still accept the VIP\$, should it fall to 95.25% peg? Absolutely. There are several reasons. First, customers who use the VIP\$ get an automatic 4.75% discount on all merchandise. Customers are much more likely to patronize stores that accept the VIP\$ when the discount is so high.

Because of the demand increase from VIP\$ holders, retailers can employ two-tiered monopoly pricing to increase profit.

Finally, many retailers can hold the VIP\$ until the discount drops. They are earning a 14.34% real rate of return (in month 15) plus appreciation profits.

In reality, discounts above 1% that last more than a few minutes can only occur if the ABC [Land Fund](#) temporarily goes bust. The module [Holding 99 Percent](#) will show how the ABC maintains 99% of peg with the help of one more silver bullet in its arsenal. This provides all the protection needed on the downside.

As time passes, the real danger is not depreciation of the VIP\$, but appreciation.