

Elsie Dividends and the Peg



The [Elsie](#) dividend is paid whenever rent is paid and is compounded daily. Thus, one's account balance grows daily.

A combined 32% of the rent goes to the [Earth Dividend Subsidy Fund \(EDSF\)](#) and dividend. When the Elsie trades at 99% of the [peg](#) or higher, 7% of rent pays dividends, and 25% of rent goes to the EDSF.

If Elsie falls below 99% of the peg, it is said to be deeply discounted. To buoy Elsie back to 99% of the peg, the dividend rises by 0.1% for every 0.01% decrease in its market value as a percent of the peg.

If the Elsie drops to 98.61% of the peg, the dividend increases to 10.9% of the rent. If the Elsie drops to 96.375% of the peg, the dividend increases to 32% of the rent. The dividend can never exceed 32% of rent.

Rent will increase with progress, density, and inflation. For that reason, the dividend constitutes a real (inflation-proof) rate of return.

The following table shows the dividend for a simulation run with the following parameters: \$1 million land fund, \$6 million market maker inventory, and retail demand equal to 10% of the total property value. Dividends are compounded daily, so the amount shown is the sum of all daily dividends for that month.

The first column, headed **Default**, shows the dividend. There is a dividend spike in month 2. This is due to the market maker's purchase of \$6 million in Elsie inventory. There are no other abrupt purchases, so the dividend naturally falls. However, many events can cause a spike that is not shown in the simulation.

Returns are compounded daily. Notice how high the dividend can get should the peg fall to 96.15%. In the worst month (month 20), the annualized return is over 1%, and in the best month (month 2), it is over 150%.

Projected Elsie Dividends at Different Discounts to Peg									
% peg	99.00%	98.35%	97.95%	97.45%	97.15%	96.85%	96.65%	96.35%	96.15%
% rent	7.00%	10.00%	14.00%	19.00%	22.00%	25.00%	27.00%	30.00%	32.00%
Month	Default								
1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	34.64%	49.49%	69.28%	94.02%	108.87%	123.71%	133.61%	148.46%	158.35%
3	17.26%	24.66%	34.52%	46.85%	54.25%	61.64%	66.57%	73.97%	78.90%
4	11.68%	16.69%	23.36%	31.70%	36.71%	41.71%	45.05%	50.06%	53.39%
5	10.28%	14.69%	20.56%	27.90%	32.31%	36.71%	39.65%	44.06%	46.99%
6	8.22%	11.74%	16.44%	22.31%	25.83%	29.36%	31.71%	35.23%	37.58%
7	5.94%	8.49%	11.88%	16.12%	18.67%	21.21%	22.91%	25.46%	27.15%
8	4.40%	6.29%	8.80%	11.94%	13.83%	15.71%	16.97%	18.86%	20.11%
9	3.94%	5.63%	7.88%	10.69%	12.38%	14.07%	15.20%	16.89%	18.01%
10	3.76%	5.37%	7.52%	10.21%	11.82%	13.43%	14.50%	16.11%	17.19%
15	3.06%	4.37%	6.12%	8.31%	9.62%	10.93%	11.80%	13.11%	13.99%
20	0.26%	0.37%	0.52%	0.71%	0.82%	0.93%	1.00%	1.11%	1.19%
25	2.32%	3.31%	4.64%	6.30%	7.29%	8.29%	8.95%	9.94%	10.61%
30	2.06%	2.94%	4.12%	5.59%	6.47%	7.36%	7.95%	8.83%	9.42%
The default: (\$1,\$6) mil. (Land, MM) 10% retail, 5% growth, 50% treble									
Initial spike due to auction proceeds on \$6 million MM									

Usually, at 99% of the peg, the Elsie pays 7% of the rent as dividends. However, monthly dividends will be much higher should the Elsie fall below 99% of the peg. Both Elsies qualified for the dividend, and the market price is determined in the first bolded column.

These real return rates counter any temporary Elsie drop below 99%.

Although rates appear to drop with time, should ram and jam slow in relation to the property value in the commons trust, dividends will rise. As land fund rents are destroyed and commons trust property grows in value, dividends can increase to a consistent 8% near the end of a 20-year Phase I. Should Phase I last more than 60 years, dividends could consistently exceed 20% (which will bring Phase I to a rapid conclusion).