

## Introduction

As discussed in the [recent budget proposal](#), Lido is in the process of continued decentralization towards a permissionless, contributor-driven DAO. As part of this process, we are proposing the creation of a Token Rewards Plan for LidoDAO contributors.

## Summary

The goals of the Token Rewards Plan are to:

1. Attract top talent
2. A means to provide governance participation to deeply engaged contributors
3. Prevent premature departure of contributors prior to work product finalization
4. Minimize governance overhead through simplicity

The plan has the following components:

- Term: four years, beginning on November 1st, 2022 for existing contributors
- Vest Schedule: one year cliff with monthly vesting thereafter
- Base Compensation: Base Fees, in US dollars
- Level-Multiplier: Based on experience and skill
- LDO Price: Calculated as the trailing 180-day close price of LDO, using the following [Dune query](#) as the source of truth
- \*Repricing Mechanism: Allows the contributor to manually trigger a reset of their TRP and vesting schedule, locking in a new LDO Price

at the 180-day moving average, but forfeiting any unvested LDO. For example, if a contributor decided to reprice their TRP four months into the plan, they would lose all LDO accrued during those four months, and reset their cliff to 12 months from the date the repricing mechanism was used.

- Upon being used, a new four year plan with one year cliff is granted, and if a contributor has multiple packages due to promotions - all are reset and consolidated into one new package. The maximum discount that contributors can reprice at is 50% below the original TRP package price.

\*Note - contributors are only allowed to reprice their package once per four years

## Levels & Skill-Multiplier %

Lifeguard: 800%, or 200% per year Orca: 400%, or 100% per year Shark: 300%, or 75% per year Dolphin: 250%, or 62.5% per year Otter: 125%, or 31.25% per year Swordfish: 75%, or 18.75% per year

## Policy Features

- Contributors will have the option to opt into the new Rewards plan, at the 11/1/22 LDO Price

of 1.5294 or continue with their existing plan. This option will last for two weeks from December 6th to December 20th.

- Opting into the new plan will enable contributors to lock in the current LDO Price

and retain their current cliff \* Example: If a contributor is 9 months into their vesting schedule, their cliff will be 12 months - 9 months = 3 months, and the full vesting schedule will be for 4 years (48 months) starting at month 9 (3 months until the cliff, then 45 months of monthly vesting thereafter).

- Example 2: If a contributor is 14 months into their vesting schedule, they will have no cliff and continue vesting monthly at the LDO Price

for 4 years (48 months)

- Note - Contributors opting into new plan will be paid out pro-rata to the day for LDO accrued (e.g. If a contributor has worked 7.4 months, they will be paid out LDO at a daily rate and their cliff will be remain unchanged at 4.6 months in the future)
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- New packages will only be granted upon hire, promotions, and base compensation raises of 30% or higher (multiple raises are just as accounted for. Issuance of new TRP package resets this counter.)
- A promotion is defined as a change in level, i.e. from Shark to Orca
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- A contributor voluntarily or involuntarily leaving the DAO will forfeit any unvested LDO
- After the initial four year Rewards plan is fully vested, the DAO will vote on a new four year program
- Promotions will result in an incremental package granted to the individual for the difference between the existing package and new level package, at the LDO Price at time of promotion, capped at the annual USD

amount of the new level package. \* Example: An Orca has a \$100K compensation and priced their token Rewards package at \$1/LDO. They receive 100K tokens per year for four years. The individual is then promoted to Lifeguard after 1 year with a \$130K compensation and the new LDO price is \$2. They will receive a new package for: \* Promotion Rewards USD amount = \$130K \* 800% = \$1,040K

- Additional TRP =  $(\$1,040K - \$400K) / \$2 = 320K \text{ LDO}$ , or 80K LDO/year
- Vested Portion of Plan = 100K LDO
- Remaining Existing Plan =  $400K - 100K = 300K$ , or 100K LDO/year
- In this instance, the contributor will receive a new package for 80K additional LDO per year.
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- In this instance, the contributor will receive a new package for 80K additional LDO per year.
- At  $t=0$ , the contributor's four year vesting schedule of 400K LDO are granted
- At  $t=1$ , the contributor receives 100K LDO and is promoted to Lifeguard, and receives an additional LDO package of 80K LDO that vests over four years
- At  $t=2$ , the contributor receives 100K LDO from the prior package and 80K LDO from the Promotion Rewards Package
- At  $t=3$ , the contributor receives 100K LDO from the prior package and 80K LDO from the Promotion Rewards Package
- At  $t=4$ , the contributor receives their last 100K LDO from their first package and 80K LDO from the Promotion Rewards Package
- At  $t=5$ , the contributor receives 80K LDO from the Promotion Rewards Package
- At  $t=6$ , the contributor will receive a new Rewards Package based on their Base Compensation

and LDO Price

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## TRP Table - Promotion Rewards Example

[

image

722x155 3.83 KB

](https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/b/bd606616e038a95ec28648b1757e8784741918ba.png)

Base Rewards Calculation Example for a Dolphin, Base Compensation

of \$100K, and LDO Price

of \$2:

Base Rewards = (Base Compensation

- Level-Multiplier

) / LDO Price

Base Rewards = (\$100K \* 250%) / \$2

Base Rewards = 125K LDO Tokens, or 31.25K tokens per year

## Rewards by Level, based on a Base Comp of \$100K and LDO Price of \$2

### Examples

Example #1:

1 Year into LDO Vesting

- Existing LDO package of 48K, 20 months into vesting out of 24 months
- Monthly equivalent of 2K LDO per month over 24 months

- Unlocking at 4K/month for months 13-24
- Received 32K LDO
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- New package @ 180d MA of 1.5294 = 150K LDO over 4 years, 37.5K/year, 3.125K/month

This contributor has accrued  $2K \times 20 \text{ months} = 40K$  LDO and been paid out for 32K. If they opt into the new package, they will immediately receive 8K LDO ( $40K - 32K$ ) and start vesting 3.125K LDO per month for 4 years.

Tech guy #1

will likely opt into this plan because they will receive  $8K + (3.125K \times 4) = 21K$  LDO over the next four months rather than 16K LDO if they stay with the current plan.

Example #2:

<1 Year into LDO Vesting

- Existing LDO package of 24K, 10 months into vesting out of 24 months
- Monthly equivalent of 1K LDO per month over 24 months
- Unlocking at 2K/month for months 13-24
- Received no LDO so far
- Monthly equivalent of 1K LDO per month over 24 months
- Unlocking at 2K/month for months 13-24
- Received no LDO so far
- New package @180d

MA of 1.5294 = 150K LDO over 4 years, 37.5K/year, 3.125K/month

This contributor has accrued  $2K \times 10 \text{ months} = 20K$  LDO and been paid out 0 LDO. If they opt into the new package, their cliff will be 12 months - 10 months = 2 months and receive:

$2K \times 10 \text{ months} = 20K$  LDO

+

$3.125K \text{ LDO} \times 2 \text{ months} = 6.25K$  LDO

$= 20K + 6.25K = 26.25K$  LDO

Once the shortened cliff is reached, they will vest 3.125K LDO per month for 46 more months (48 month plan - 2 months of vested LDO at the new plan)

Example #3:

RCC >1 year into LDO Vesting

- Existing LDO package of 80K LDO/year for three years with 1 year cliff (start date Oct 1, 2021). Contributor opts-in to new TRP on Month 14 (Dec 2022) (150K/yr for 4 yrs).
- The contributor has already passed his cliff so vesting will be monthly at 12.5K LDO per month for 48 months

Example #4:

RCC <1 year into LDO Vesting

- Existing LDO package of 80K LDO/year for three years with 1 year cliff, 8 months into vesting schedule
- Cliff is in 4 months and the vest is calculated as:
- Old Plan =  $80K/12 = 6.66K$  LDO per month

- New Plan =  $150K/12 = 12.5K$  LDO per month
- (Old Plan monthly \* months worked) + New Plan monthly \* months remaining to cliff)
- $(8 * 6.66K) + (4 * 12.5K) = 103.3K$  LDO at month 12, with 12.5K LDO monthly vesting thereafter
- Remaining months = 44
- $12.5K \text{ LDO} * 44 = 550K \text{ LDO}$
- Old Plan =  $80K/12 = 6.66K$  LDO per month
- New Plan =  $150K/12 = 12.5K$  LDO per month
- (Old Plan monthly \* months worked) + New Plan monthly \* months remaining to cliff)
- $(8 * 6.66K) + (4 * 12.5K) = 103.3K$  LDO at month 12, with 12.5K LDO monthly vesting thereafter
- Remaining months = 44
- $12.5K \text{ LDO} * 44 = 550K \text{ LDO}$
- Total LDO =  $103.3K + 550K = 653.3K$  LDO
- Cliff is in 4 months and the vest is calculated as:
- Old Plan =  $80K/12 = 6.66K$  LDO per month
- New Plan =  $150K/12 = 12.5K$  LDO per month
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This proposal will be updated with an additional LDO budget request and a link to corresponding Snapshot, when contributors' decisions are collected.

#### UPDATE:

the proposal wording was actualized according to changes approved in [Lido-V2 Snapshot](#).

Added a clarification for base compensation increases of 30% and higher