

Proposal Title: [Temp Check] EtherFans V2

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Summary:

This proposal aims to enhance the utility and rewards for etherfan NFT holders to address their dissatisfaction stemming from the lack of bonuses in the second loyalty season. It includes a burn event to provide closure for early adopters and outlines several initiatives to provide ongoing benefits without ending or destroying the etherfan program.

Motivation:

The primary motivation for this proposal is to address the concerns of etherfan NFT holders, who have expressed dissatisfaction due to the absence of bonuses in the second loyalty season and technical issues limiting etherfan utility. By implementing these initiatives, etherfans can restore confidence, increase engagement, and enjoy continued support.

Current Etherfan Bonuses and Rewards:

Season 2 lasts from March 15th until June 30th, capturing 2592 hours worth of possible staking. Etherfans are currently granted a +1 to their starting stakerank, which stacks with an additional +1 Stakerank level for participating in Season 1. With this information, we can easily calculate how many more loyalty points an Etherfan earns in comparison to a standard staker who participated in Season 1, as well as a standard user who began participating as soon as Season 2 began.

Duration and Levels:

- The total amount of staking hours in Season 2 is 2592 hours.
- Stakerank advances one level every 100 of staking hours until reaching the maximum rank of Rank 8.

Multipliers:

- Stakerank 1: 1.1x
- Stakerank 2: 1.2x
- Stakerank 3: 1.3x
- Stakerank 4: 1.4x
- Stakerank 5: 1.5x
- Stakerank 6: 1.6x
- Stakerank 7: 1.8x
- Stakerank 8: 2.0x

Calculation:

In this calculation, we will assume that each of the three users are earning a base rate of 100 staking points per hour.

1. Etherfan Starting at Stakerank 3:

- 100 hours at 1.3x: $100 * 100 * 1.3 = 13,000$ points
- 100 hours at 1.4x: $100 * 100 * 1.4 = 14,000$ points
- 100 hours at 1.5x: $100 * 100 * 1.5 = 15,000$ points
- 100 hours at 1.6x: $100 * 100 * 1.6 = 16,000$ points
- 100 hours at 1.8x: $100 * 100 * 1.8 = 18,000$ points
- 1900 hours at 2.0x: $1900 * 100 * 2.0 = 380,000$ points
- **Total points for Etherfan:** $13,000 + 14,000 + 15,000 + 16,000 + 18,000 + 380,000 =$
456,000 points

2. Season 1 User Starting at Stakerank 2:

- 100 hours at 1.2x: $100 * 100 * 1.2 = 12,000$ points
- 100 hours at 1.3x: $100 * 100 * 1.3 = 13,000$ points
- 100 hours at 1.4x: $100 * 100 * 1.4 = 14,000$ points
- 100 hours at 1.5x: $100 * 100 * 1.5 = 15,000$ points
- 100 hours at 1.6x: $100 * 100 * 1.6 = 16,000$ points
- 100 hours at 1.8x: $100 * 100 * 1.8 = 18,000$ points
- 1800 hours at 2.0x: $1800 * 100 * 2.0 = 360,000$ points
- **Total points for Season 1 user:** $12,000 + 13,000 + 14,000 + 15,000 + 16,000 + 18,000$
 $+ 360,000 =$ **448,000 points**

3. New Season 2 User Starting at Stakerank 1:

- 100 hours at 1.1x: $100 * 100 * 1.1 = 11,000$ points
- 100 hours at 1.2x: $100 * 100 * 1.2 = 12,000$ points
- 100 hours at 1.3x: $100 * 100 * 1.3 = 13,000$ points
- 100 hours at 1.4x: $100 * 100 * 1.4 = 14,000$ points
- 100 hours at 1.5x: $100 * 100 * 1.5 = 15,000$ points
- 100 hours at 1.6x: $100 * 100 * 1.6 = 16,000$ points
- 100 hours at 1.8x: $100 * 100 * 1.8 = 18,000$ points
- 1700 hours at 2.0x: $1700 * 100 * 2.0 = 340,000$ points
- **Total points for New Season 2 user:** $11,000 + 12,000 + 13,000 + 14,000 + 15,000 +$
 $16,000 + 18,000 + 340,000 =$ **439,000 points**

Comparison of Loyalty Points:

- **Etherfan:** 456,000 points
- **Season 1 User:** 448,000 points
- **New Season 2 User:** 439,000 points

Additional Points Earned by Etherfan:

1. Compared to Season 1 User:

- **Difference:** $456,000 - 448,000 = 8,000$ points (Etherfan earns 8,000 points more)

2. Compared to New Season 2 User:

- **Difference:** $456,000 - 439,000 = 17,000$ points (Etherfan earns 17,000 points more)

Summary of Stakerank Bonus for Etherfans:

It currently stands that the Season 2 TGE is a linear distribution. Since all staking points are treated equally, and the base point rate of points earned for staking activities is the same across all users, in the above example, we can convert the point differences into percentages and conclude that:

- An Etherfan earns 1.79% more loyalty points than a season 1 user.
- An Etherfan earns 3.87% more loyalty points than a user who began on the first day of season 2.

In addition to Stakerank bonuses, Etherfans also receive additional returns on their NFTs value, as compared to a standard eEth holder. At the time of this writing, a bronze etherfan earns the same yield as standard eEth staking: 4.26%, silver etherfans earn 4.68%, Gold earns 5.11%, and platinum earns 5.53%. We can thus calculate the comparative yield between an Etherfan and eEth holder at every Etherfan tier:

Etherfan ; eEth Comparative Yield Calculations

Bronze etherfan:

- Difference: $4.26\% - 4.26\% = 0\%$
- Percentage Increase: $(0\% / 4.26\%) * 100 = 0\%$

Silver etherfan:

- Difference: $4.68\% - 4.26\% = 0.42\%$
- Percentage Increase: $(0.42\% / 4.26\%) * 100 = 9.86\%$

Gold etherfan:

- Difference: $5.11\% - 4.26\% = 0.85\%$
- Percentage Increase: $(0.85\% / 4.26\%) * 100 = 19.95\%$

Platinum etherfan:

- Difference: $5.53\% - 4.26\% = 1.27\%$

- Percentage Increase: $(1.27\% / 4.26\%) * 100 = 29.81\%$

Summary of Comparative Yields

After calculating the percent increase of Etherfan tiers compared to normal eEth holders, we can see that an Etherfan who has upgraded their NFT to Platinum is earning a 29.81% increase in Yield.

Etherfan Limitations

Despite the intended benefits, users have consistently reported frustrations with participating in the etherfan program. Primarily, these frustrations stem from etherfans "trapping" a user's eEth balance. Etherfan users cannot stake their eEth or etherfans into other platforms, which is the mainstream function of the Ether.fi platform. These limitations are a core issue of the etherfan user experience and escalate minor inconveniences into perceived shortcomings.

For example, the additional yield earned by upgrading the etherfan to a higher tier is not competitive with the rates offered by various Ether.fi DeFi integrations. Etherfans are not able to unwind, return, or increase the underlying eEth balance to users without undergoing unnecessary vesting and burning operations. Consequently, when new integrations are hosted, etherfans are naturally left out and have no way of easily migrating their position without feeling as though they are being penalized.

Additionally, there are a suite of UI issues that disempower etherfan holders from properly tracking their positions. Despite etherfans being one of the oldest programs on Ether.fi, these issues have lingered for months without being resolved or properly addressed.

Initiative 1: Etherfan Burn Event

Allow etherfan holders to participate in a one-time burn event where they can burn their NFTs in exchange for a reward or bonus. This event will provide closure for early adopters while recognizing their contribution to the platform. The proposed reward for burning an NFT will be designed to "top off" the APR that each tier has received to achieve the following target APRs:

- **Bronze Etherfan:** An additional 5.74% bonus, resulting in a total APR of 10%.
- **Silver Etherfan:** An additional 6.32% bonus, resulting in a total APR of 11%.
- **Gold Etherfan:** An additional 7.39% bonus, resulting in a total APR of 12.5%.
- **Platinum Etherfan:** An additional 9.47% bonus, resulting in a total APR of 15%.

Initiative 2: Tier Upgrade Program for Continued Participation

Introduce a tier upgrade program that allows etherfan holders to upgrade their existing NFTs to new, higher-tier variations. This initiative provides an alternative to burning, enabling users to continue participating in the etherfan program with enhanced benefits. Users can upgrade to a new tier and receive a new, competitive APR without receiving the "top off" bonus associated with the burn event. The new tiers and their respective APRs are as follows:

- **Bronze to Iron:** Upgrade from Bronze to Iron, receiving a new APR of 8%.
- **Silver to Steel:** Upgrade from Silver to Steel, receiving a new APR of 10%.
- **Gold to Titanium:** Upgrade from Gold to Titanium, receiving a new APR of 12.5%.
- **Platinum to Diamond:** Upgrade from Platinum to Diamond, receiving a new APR of 15%.

Once users upgrade to the new variation, future upgrades will follow the path of variations. For example, an Iron Etherfan will upgrade to a Steel Etherfan. The amount of time users need to remain in one tier before being able to upgrade is as follows:

Iron to Steel

- **Time Frame:** Users must remain staked for a minimum of 3 months (90 days) before upgrading from Bronze to Iron.

Steel to Titanium:

- **Time Frame:** Users must remain staked for a minimum of 6 months (180 days) before upgrading from Silver to Steel.

Titanium to Diamond:

- **Time Frame:** Users must remain staked for a minimum of 12 months (365 days) before upgrading from Gold to Titanium.

Additionally, removing any principal from the etherfan will automatically downgrade by one tier and reset the timer for future upgrades. This does not have a cooldown period. Reducing the balance of an Etherfan V2 by 50% or more will reset it to Iron.

Initiative 3: Flexible Principal Management for New Etherfan Variations

Introduce a flexible principal management feature for the new variations of etherfans. This initiative allows users to deposit their principal balance into a new strategy without burning their NFT. However, the NFT will not accrue any rewards while the principal balance is deposited in the new strategy. Users must return the principal balance to the NFT for it to resume earning rewards. Additionally, removing any principal from the etherfan will automatically downgrade by one tier and reset the timer for future upgrades.

Initiative 4: Exclusive Perks for Etherfan Holders with the New Crypto Credit Card

To recognize the contributions of etherfan holders, Ether.fi can offer exclusive perks associated with the new crypto credit card being delivered in partnership with Visa. These perks will provide additional value to etherfan holders and further incentivize their participation in the Ether.fi ecosystem. The proposed perks for etherfan holders are as follows:

1. *Increased Cashback Rewards:*
 - **Iron Etherfan Holders:** 1% cashback on select purchases.
 - **Steel Etherfan Holders:** 2% cashback on select purchases.
 - **Titanium Etherfan Holders:** 3% cashback on select purchases.
 - **Diamond Etherfan Holders:** 3% cashback on select purchases.
2. *Reduced Fees:*
 - **Transaction Fee Waivers:** Waive transaction fees for all purchases made with the crypto credit card.
 - **Lower Interest Rates:** Provide etherfan holders with a reduced interest rate on any outstanding balances carried on the crypto credit card.
3. *Exclusive Access and Benefits:*
 - **Early Access to New Features:** Provide etherfan holders with early access to new features and updates for the crypto credit card.
 - **Cash Card Tier Upgrade:** Allow Etherfan V2 Holders to advance one tier in their Cash Program.

Initiative 5: Minting V2 Etherfans

Introduce an initiative that allows new users to participate in the etherfan program by minting new Iron etherfans. This initiative will have the following features:

- **Minimum Principal Requirement:** Users must have a minimum principal of 1 ETH to mint an Iron etherfan. Reducing this balance by any amount within 90 days of minting will burn the nft.
- **Community-Created Art:** The artwork for the new Iron etherfans will be created by community members in a curated contest and then voted on by the DAO.

Conclusion

This proposal addresses the key frustrations and limitations faced by etherfan holders by providing a comprehensive reward structure for a burn event. By ensuring competitive returns and offering additional benefits, Ether.fi can enhance the value proposition of etherfans, increase user satisfaction, and drive long-term engagement. We welcome further discussion of these initiatives to help improve the etherfan holder experience and strengthen the Ether.fi ecosystem.

Next Steps

If the DAO supports any or all of the initiatives, this proposal should be brought to an official snapshot. If the DAO does not support any or all of these initiatives, there should be further discussion and refinements; otherwise, the proposal should be abandoned.

Disclaimer

This proposal does not reflect or endorse the opinions and perspectives of Triangle or the Ether.Fi Foundation.