Overview of the 2014 Dividend Calculation

To help smooth out year-to-year volatility in dividend amounts, the amount of each year's dividend is calculated using a formula that averages the Permanent Fund's realized earnings over the previous five years. Here is how it works:

1. **Add** the Fund's statutory net income* from the previous five years.

   (in millions/rounded)
   
<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
<td>1,590</td>
</tr>
<tr>
<td>FY 2011</td>
<td>2,143</td>
</tr>
<tr>
<td>FY 2012</td>
<td>1,568</td>
</tr>
<tr>
<td>FY 2013</td>
<td>2,928</td>
</tr>
<tr>
<td>FY 2014</td>
<td>3,531</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,760</strong></td>
</tr>
</tbody>
</table>

2. **Multiply** by statutory 21% for an average of the five year earnings

   \[
   \frac{11,760 \times 21\%}{2} = \$2,470
   \]

3. **Divide** in half for the statutory percentage of earnings allocated for dividends

   \[
   \frac{\$2,470}{2} = \$1,234.8
   \]

4. **Add** FY 2013 Permanent Fund Dividend Fund beginning balance

   \[
   \$1,234.8 + 10.6 = \$1,245.4
   \]

5. **Subtract** prior year obligations, designated state expenses and cost of operating the Permanent Fund Dividend Division

   \[
   \$1,245.4 - 36.0 = \$1,209.4
   \]

6. **Subtract** reserves for payment of prior year dividends

   \[
   \$1,209.4 - 0.8 = \$1,208.6
   \]

7. **Divide** by the estimated number of eligible dividend applicants

   \[
   \frac{\$1,208,600,000}{641,489} = \$1,884.00
   \]

   (rounded to nearest whole dollar)

*More information is available at www.apfc.org or www.pfd.alaska.gov