

The Reservoir for Beginners: How It Works

Introduction

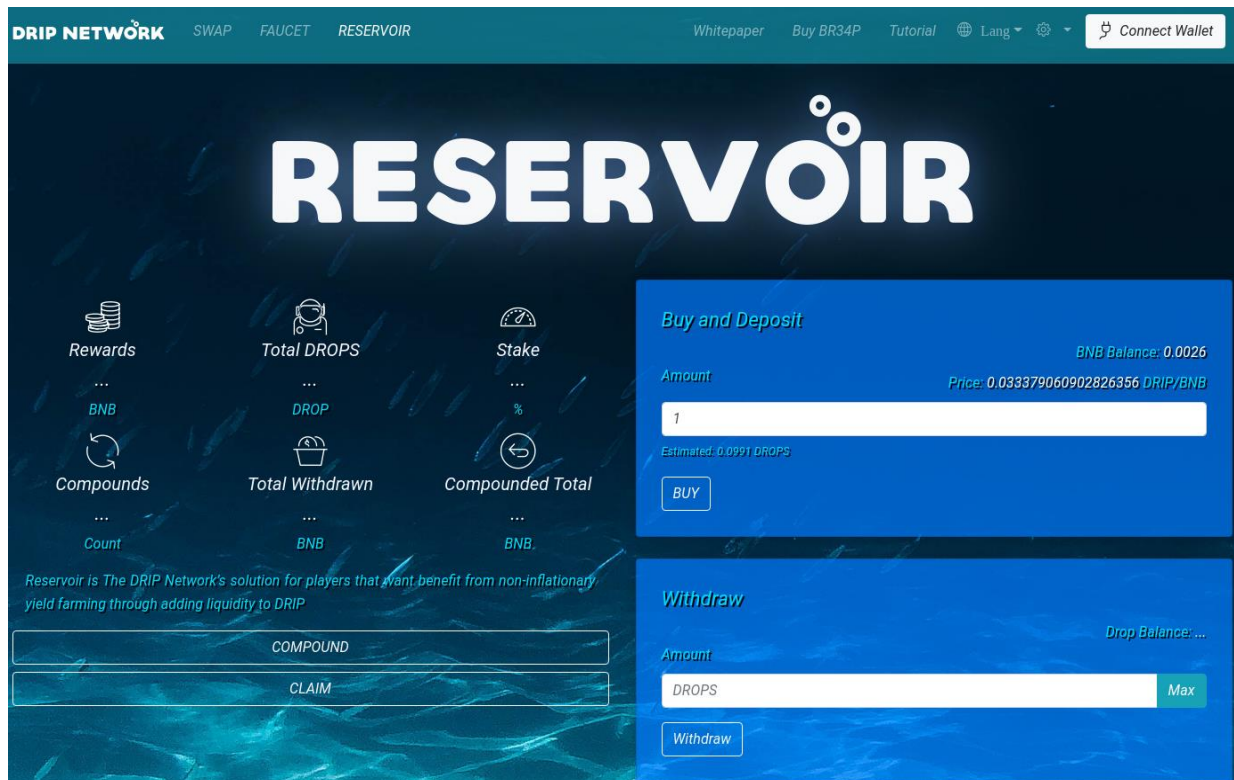
The purpose of the Reservoir is to function as a liquidity pool for DRIP. The more liquidity added to the pool, the higher the price floor of DRIP, and also the less negative impact each sale will have on Drip's price. The liquidity token in the Reservoir is called "DROPS", and the DROPS price depends on DRIP and BNB. You can think of liquidity pool as a pool of water: the bigger it is, the less impact adding or removing some volume of water (buying or selling) will have on the water level (the price). And the more water you have in the pool, the higher the water level will be (the higher price floor).

By investing in the Reservoir, you can help to support the price of DRIP and "hold the line" during any bear cycle, and you can also earn BNB rewards depending on your share in the Reservoir. Unlike the Faucet, you can withdraw your original investment at any time, but there is also 10% tax on your withdrawal amount. Therefore, it is better to keep your investment in the Reservoir long-term, and then either compound or claim rewards along the way. In this way you will continue earning rewards forever, and you will also keep providing liquidity and supporting DRIP's price.

Even if you invest a little in the Reservoir, it still helps quite a lot. In fact, a large portion of the Reservoir's liquidity comes from small investors. In addition, even a small investment in the Reservoir can help you pay gas fees to **Hydrate** in the Faucet.

How to get started

The first time you visit [the Reservoir page](#), it will look like this:



Instead of actual stats, you will see a “...” symbol until you connect your wallet and invest something in the Reservoir.

Depositing

To deposit, you need to **Buy and Deposit** DROPS tokens. When you do, you will pay a 10% tax. By default, the **Amount** text field is empty, but in the screenshot above it is set to 1 BNB. Once you have input a set amount of BNB for **Deposit**, the **Estimated** value is shown which will show you how many DROPS tokens you will get after the 10% tax.

Withdrawing

Even though it is not recommended for reasons mentioned in the Introduction, you can always **Withdraw** from the Reservoir. If you do, you will pay 10% tax on your withdrawal, and your DROPS tokens will be transferred to the **Rewards** section on the Reservoir page (not to your wallet just yet), and then you will need to press the **CLAIM** button to transfer your BNB from the **Rewards** to your wallet.

Compounding

Each time you **COMPOUND**, you do not have to pay any tax, but you still have to pay gas fees. Unless your investment is huge, it is normal to **COMPOUND** once a month (for a small investment) or once a week (for a larger investment). Daily compounding in the Reservoir is only for whales who have decided to invest heavily into it.

How the Reservoir works

Your amount of rewards will depend on your share in the pool.

The following rewards are paid to all the Reservoir investors in accordance with their share in the Reservoir:

When someone buys or sells the DROPS token, they pay a 10% tax and this tax is divided to three parts:

- 2% of the BNB is immediately paid out to the Reservoir investors.
- 5% goes into the Reservoir dividend pool which pays 2% of its balance every day to Reservoir investors.
- The remaining 3% is permanently locked in the DRIP liquidity pool, supporting the price.

In addition to the above, there is a 1% fee on the native DEX (the Fountain) that goes into the Reservoir dividend pool that is distributed daily and directly in proportion to each investors' share of the Reservoir.

Your share of the Reservoir can vary depending on how much others have invested already and how much others will invest in the Reservoir in the future. It is good to continue to periodically add BNB in the Reservoir to keep increasing your share, and you can also compound to grow your share.

The Reservoir deposit plan

Reservoir DEPOSIT PLAN EASY STEP ROUNDTABLE			
5-49	0.1+ BNB	600-9.9K	1+ BNB
50-99	0.2+ BNB	10K-12.4K	2.5+ BNB
100-299	0.35+ BNB	12.5K-14.9K	3.5+ BNB
300-399	0.45+ BNB	15K-17.4K	5+ BNB
400-499	0.60+ BNB	17.5K-19.9K	6.5+ BNB
500-599	0.80+ BNB	20K+	8+ BNB

Credit: Kanji, Reservoir Group Admin; Product of Easy Step Roundtable

This deposit plan serves as a standard of what should be deposited into Reservoir per year based on one's Faucet deposit balance.

This plan aims to maintain current momentum while fairly distributing the required BNB across multiple brackets, assigning the greater BNB amount to members with larger deposits in faucet.

The Reservoir is a profitable investment. Members may choose to deposit more than required to earn 100%+ APY, raise the price floor, and increase value of 1% daily earning from the Faucet.

Credits

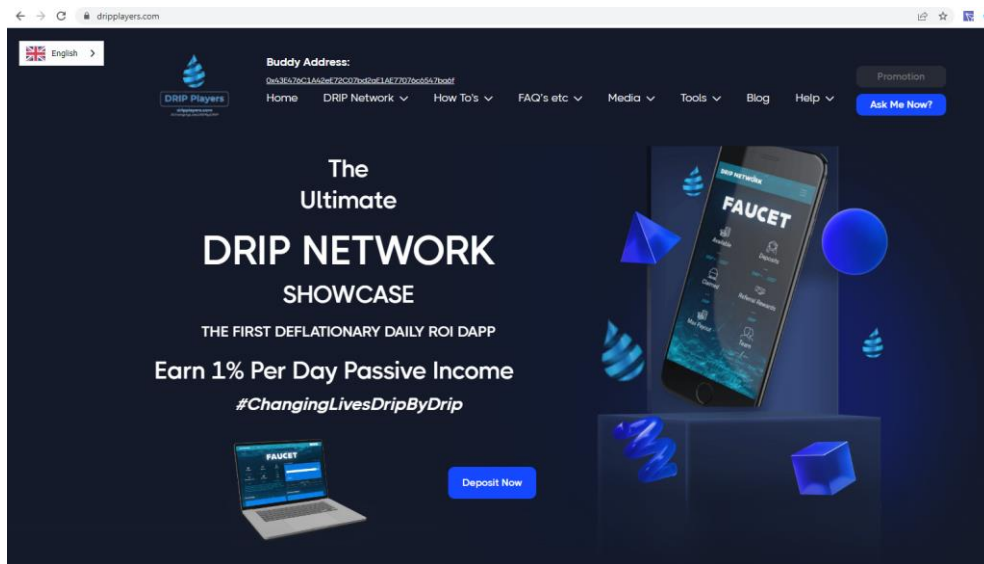
This article was written by Lissanro Rayen. I am a member of the DRIP Players Team (t.me/drip_players) and Easy Step Roundtable. I love sharing knowledge about DRIP ecosystem and the Reservoir in particular, and helping others or answering their questions when I can. I do not expect anything in return, but just in case somebody would like to support my work directly, feel free to donate airdrop to my buddy address:

0x92AFabb185993659E0B0B9A986fa2330d97015eA

Or if you are new to DRIP and want to join, please consider using this buddy address.

Discussions in the Reservoir chat t.me/dripreservoir and EasyStep Investing educational videos (youtube.com/channel/UChz8KvdHkhhCvPV41efDFAA) helped me and others to understand the Reservoir better, and made writing this article possible. Please consider joining the chat if you are interested in the Reservoir and supporting the price of DRIP.

This article is one of a series originally published on the DRIP Players website (www.dripplayers.com) which is a One-Stop-Shop of all the best DRIP content from the community. Please visit the website to view other articles and videos about the DRIP ecosystem, DRIP-related Charts, Calculators, Statistics, Testimonials, FAQ's, How To's, Glossary and more.



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This article is also published on Medium (medium.com/@Lissanro/the-reservoir-for-beginners-how-it-works-7b35854de5a2).