The Difference between APY (Dividend Rate) and APYE

When you receive your statement, you will notice that the dividend posted shows a calculation beside it which includes your “Average Balance” and “APYE” rate. Every financial institution is required by law to disclose this information. But why is the Annual Percentage Yield Earned (APYE) different than the actual dividend rate for your account? The simple answer is because the APYE is based on the average balance in your account over the statement period, and the number of days in that same period.

The amount of dividends you are paid is based on the disclosed dividend rate for that period. For example, as of 1/1/16, our regular share (savings) dividend rate is 0.10%. If your average balance for the quarter was $365, then you would earn $0.10 in interest. The APYE is then calculated using the following formula:

$$100\left[\left(1 + \left(\textit{Dividends earned} \div \textit{Balance}\right)\right)^{365 \div \text{days in period}} - 1\right] = \text{APYE}$$

In the above example, if there were 91 days in the quarter, your APYE would be 0.109%. Your statement would show **Days: 91 Avg Bal: 365.00 APYE: 0.109%**.

Someone with an average balance of $3,650 would earn $1.00 in interest. This person’s statement would show **Days: 91 Avg Bal: 3,650.00 APYE: 1.103%**.

As you can see, the APYE will be different for nearly everyone because not everyone’s average balances are the same. As well, this number can be different from one statement cycle to the next because the number of days may change (for example, 91 days in one cycle, and 92 in another).

If you ever have any questions about how to read your statement, or anything else related to your accounts, please don’t hesitate to contact us. We’re more than happy to help in any way we can.