**Early / Emergency Unstake**

When you enter a stake, you are agreeing to a contract in which you set the amount and duration of the stake, which is immutable.

There are serious consequences to ending a stake early. I will try to explain this in the simplest terms possible.

When you stake your HEX, you will receive a payout daily from the payout pool. The payout pool contains all the newly minted HEX and also the penalties from the emergency unstake and the late unstake penalties. The shares from the payout pool are distributed amongst the stakers according to the ratio of how many shares they have to the total number of shares. If you are confused at all about shares, have a look at my previous video on HEX shares.

Now for the penalties:

If you decide to end a stake early, here is what will happen:

The contract will calculate the payout amount for ½ of the days committed to and subtract this amount from the returned funds. There is a minimum 90 day penalty, which is a calculation of 90 days of payouts; which would mean that any early unstake of a staking duration less than 180 days, would increase the severity of the penalty.

An early unstake before ½ the days are served, when duration of the stake is 180 or more days will cut into the principal.

An early unstake when the duration of the stake is less than 180 days will cut into the principal regardless of how many days were served due to the 90 day minimum penalty.

**Examples:**

1. **Stake amount = 100 HEX Stake duration = 400 days Early unstaked at 300 days**

**In this example the days served are greater than ½ of the committed days so the funds returned are as follows:**

**Payout penalty days = ½ of 400 which is 200 days**

**Penalty free days served = day 201 to 300 which is 99 days**

**The funds returned is the principle + the payouts from the penalty free days**

**In this case, the Return = 100 + (99 days of payouts)**

1. **Stake amount = 100 HEX Stake duration = 400 days Early unstaked at 100 days**

**In this example the days served are less than ½ of the committed days, so a ratio of ½ the committed days / days served is used to calculate the penalty.**

**Penalty = (½ of 400) / 100 x payout for 100 days**

**= 2 x payout for 100 days**

**Funds returned = Principle + Payout for 100 days – penalty**

**= 100 + payout for 100 days - 2 x payout for 100 days**

1. **Stake amount = 100 HEX Stake duration = 10 days Early unstaked at 6 days**

**In this example, the stake duration is far less than 180 days so you will see the 90 day minimum penalty in play.**

**Payout penalty days = ½ of 10 which is 5 days, however in this case the minimum 90 days is applied.**

**Penalty free days served = day 5 to 6 = 1 day**

**Return = Principle + payout x 1 day – 90 days of payouts**

**= 100 x 1 payout day – 90 payout days.**

Bottom line here is that you eat into your principle if you end your stake before the ½ way mark

or, anytime in the case of a stake less than 180 days.

The moral of the story: **Do not end your stake early!**

**Late Unstake**

When your stake has ended, you have a 2-week grace period to end your stake. If you don’t end it within this time period your balance will be reduced by 1% per week until it eventually reaches zero.

Moral of this story: **End your stake when it is done**

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