

On the optimal dividend problem under fixed transaction costs

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This talk will give a brief survey of the dividend problem for various classes of jump-diffusion processes. Only the pure dividend problem will be treated, i.e. there are no additional control parameters beyond the dividend payouts. Transaction costs are assumed linear, i.e. if the company pays out an amount d , the shareholder receives $(1 - k)d - K$, where k can be considered a tax rate and K a fixed cost associated with the dividend payment.

Key Words: Jump-diffusion, quasi-variational inequalities, lump-sum strategies.