

Fidelity Stock Plan Services

Unlocking success– for you and your employees



INSIGHTS

Equity compensation signifies a large investment from a company in their employees, so it's important that the plan meets the company's goals and expectations of the program.

Why do companies offer equity compensation? There are a variety of reasons.*



Attract and retain top talent (87%) Incentivize and reward top performers

(79%)



Align with the interests of shareholders (68%)

*NASPP/Deloitte Consulting 2019 Domestic Stock Plan Design Survey

How can participants and companies get the most from equity compensation plans?

Fidelity has found that when employees have a plan for their awards, it improves the potential outcome for the participants AND the company. In fact, when employees include equity compensation into their financial planning, they are:



Let's take a closer look at the numbers.

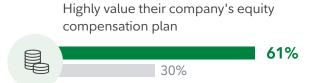




Seeing value

Respondents who include equity compensation in their financial planning are more than **twice as likely** to **value their plan highly** and are much more likely to recognize the tangible value of their equity compensation.

These respondents are more than three times as likely to include the monetary value of their stock plans in their compensation calculation. Respondents who consider equity compensation in financial planning Respondents who do not consider equity compensation in financial planning



Include the monetary value of stock plan benefits when calculating compensation from their employer



Respondents who consider equity compensation in financial planning Respondents who do not consider equity compensation in financial planning





Taking action

Not only are participants who include equity compensation in their financial plans more likely to have exercised options and sold shares, but they are over **twice as likely to accept awards** in the first place.

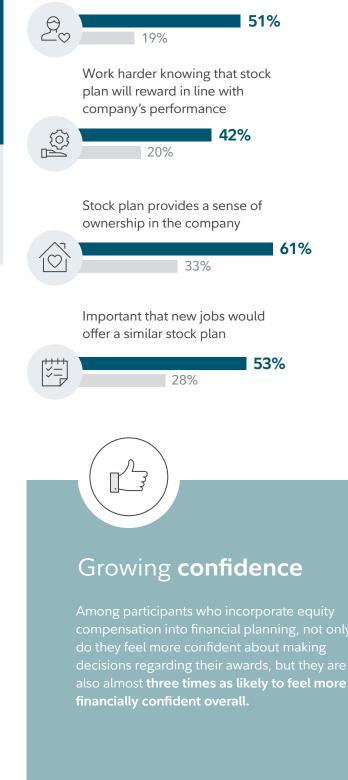


Showing **loyalty**

Employees who include equity compensation in financial planning recognize the value of what they have and therefore show **increased loyalty to their employer.**

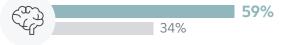
But it doesn't end there. These employees are also **twice as likely** to work harder, feel ownership within the company, and take stock plans into consideration when contemplating a job change. Respondents who consider equity compensation in financial planning Respondents who **do not** consider equity compensation in financial planning

Feel more loyal to their current employer as a result of the stock awarded



Respondents who consider equity compensation in financial planning Respondents who **do not** consider equity compensation in financial planning

Confident in their ability to make good decisions regarding their company's equity compensation plan



Participating in my stock plan improves my financial confidence

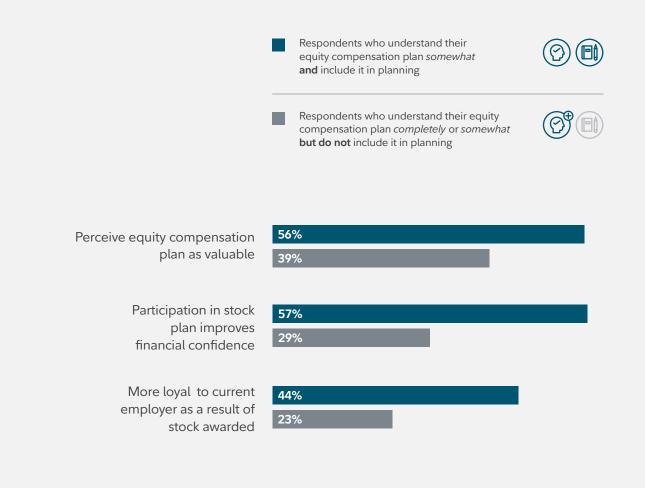


Amplify award value to employees

Understanding how stock plans work can be a necessary tool for participants. However, when they also pull that benefit into their financial plans, even if they aren't fully confident in their knowledge, it can play a key role in their potential financial success and career satisfaction.



Value, confidence, and loyalty are significantly higher among those who include equity compensation in financial planning versus those who understand their stock plan but do not include it in planning.



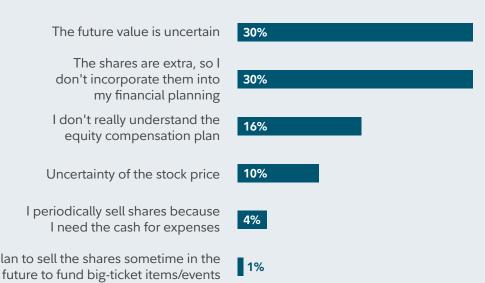
Occasions that help drive inclusion of equity compensation in financial planning

When respondents were asked when they take equity compensation into account for financial planning, the most common trigger is when awards vest.



Why wouldn't an employee take action?

The future value is uncertain Respondents who say they do not take equity The shares are extra, so I compensation into don't incorporate them into my financial planning account in financial planning primarily cite I don't really understand the uncertain future value or equity compensation plan see the shares as extra. These reasons are twice Uncertainty of the stock price as likely to result in inaction than a lack of I periodically sell shares because understanding. I need the cash for expenses I plan to sell the shares sometime in the



Success is more than understanding awards; it's having a plan for what to do with them.

How can you help your employees, and, by extension, help yourself?



Consider what resources are currently available and easy to implement. Do you have opportunities to make tools available to your employees?

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Engage in a planning experience yourself. By understanding the process, you can best know how to engage your employees.

Everybody deserves a plan that works for them, and **Fidelity is here to help**.



For plan sponsor use.

Fidelity participant research in June 2020 surveyed employees at publicly traded companies who have received RSUs, RSAs, Options and/or Performance Awards from a U.S. publicly traded company within the last two years. Results indicate top two box responses, unless otherwise indicated.

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