

# Taking Stock: Examining the Role of Corporate Stock Plan Benefits in the Workplace

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# About Charles Schwab Stock Plan Services

- Charles Schwab Stock Plan Services works with corporate clients to provide solutions for stock option, restricted stock and employee stock purchase plans, with a choice of full or partial plan administration. Schwab offers expert guidance for clients' employees, plus the technology to deliver benefits services efficiently. In addition, Schwab offers personal assistance to help executives manage complex equity compensation packages.

## What

- 10-minute online study conducted by Koski Research among a sample of online panel members

## Who

- 200 stock plan decision-makers at public companies
  - Primarily (79%) executive level employees at their companies
  - Companies that typically have about \$1 billion in annual revenue and average over 30,000 employees
  - Companies head-quartered in the United States

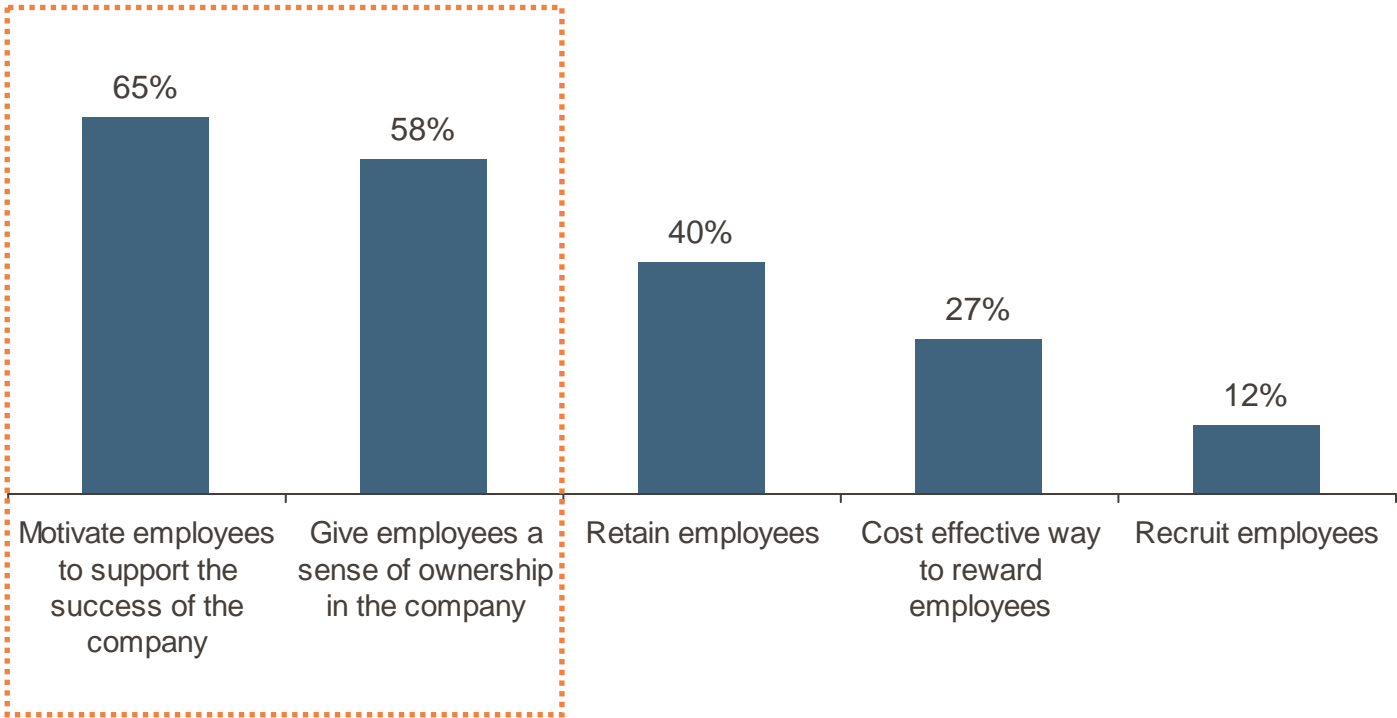
## When

- September 11 to September 15, 2009

# Current Stock Plan Benefits and Offerings

# Most companies offer stock plan benefits to motivate and provide a sense of ownership among employees

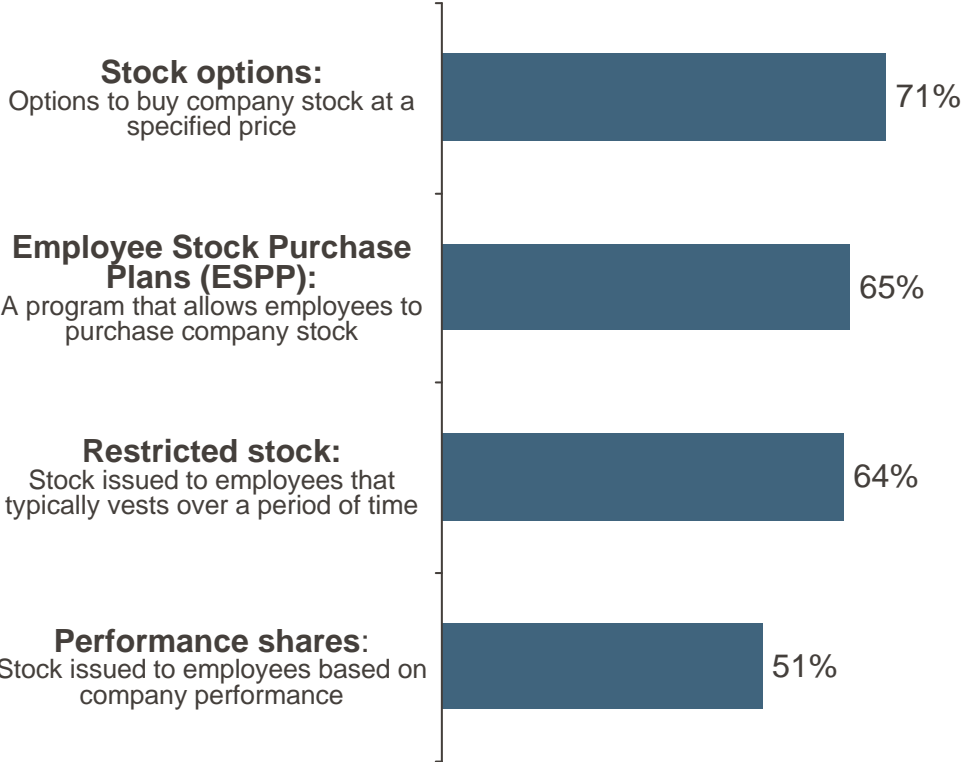
## Reasons For Offering Stock Plan Benefits



Base: Total (n = 200)  
Q6. Which two of the following describe why you offer stock plan benefits to employees?

# Stock options continue to be the most common benefit for employees

## Percent of Companies Offering Stock Plan Feature

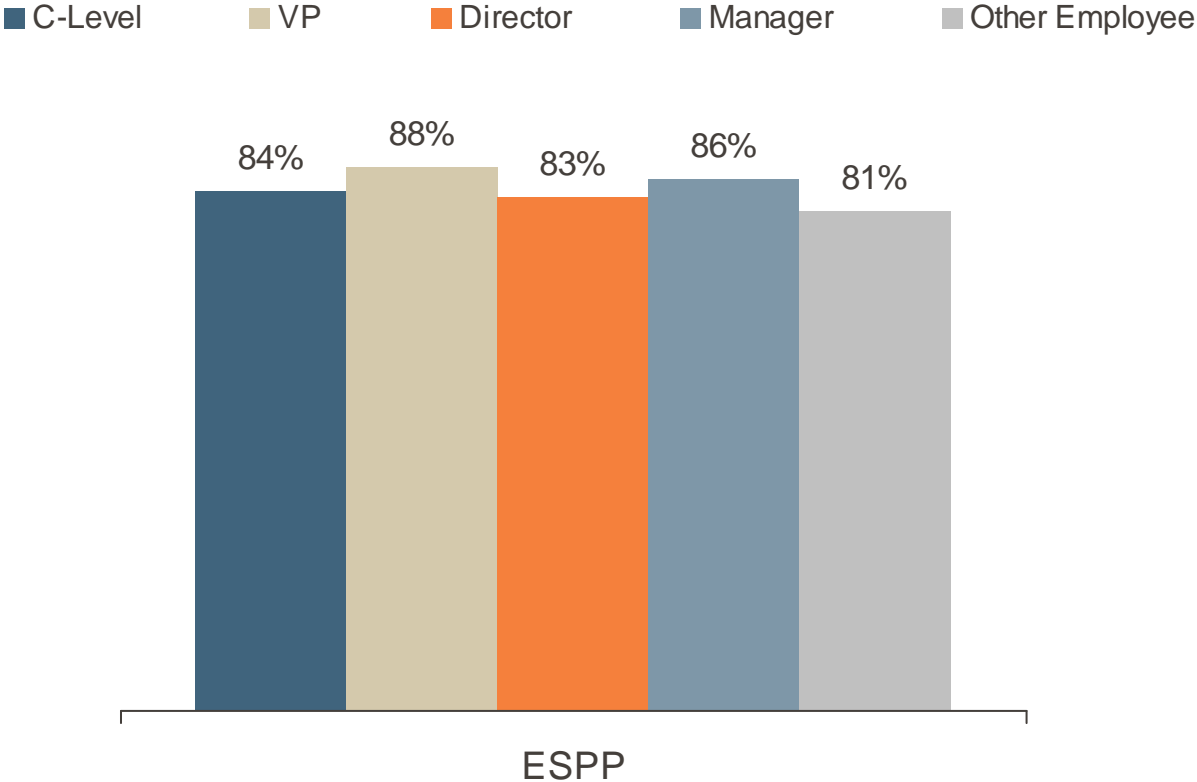


Base: Total (n = 200)

Q5. Which of the following, if any, does your company currently offer to employees?

# Majority of companies offer ESPP to all employees

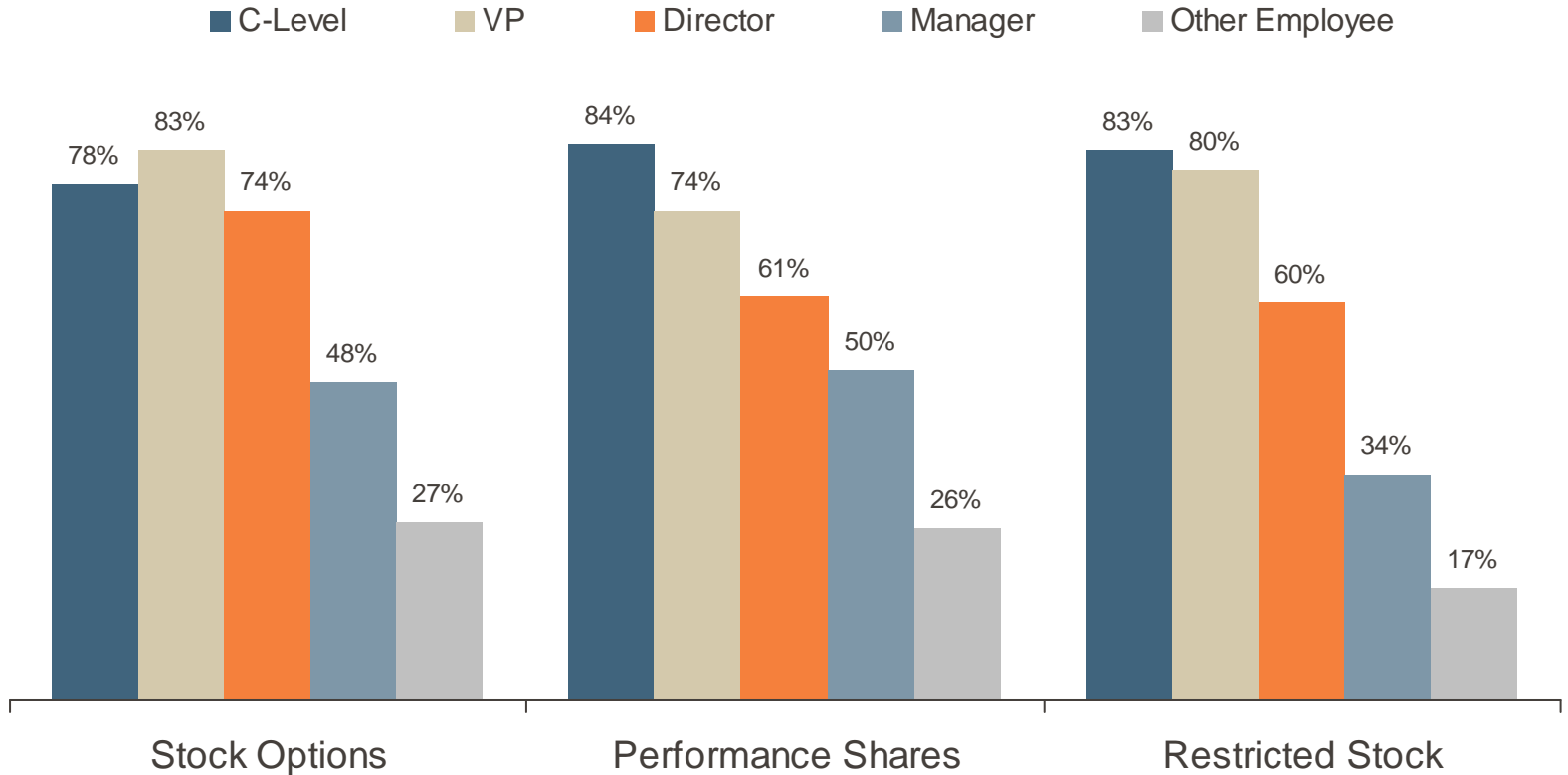
## Percent of Companies Reporting Stock Plan Eligibility by Level of Employee



Base: Varies, based on Q5, if they offer the benefit (ESPP (n = 130))  
Q8. Please select which type(s) of employee is eligible to receive each of the following (stock plan offerings)?  
\*Note: base varies per level of employee; respondents reported they don't have C-Level (5%), Director (3%), or Manager/Other Employee (4%)—these have been removed from the base.

# Significant number of companies issuing options, stock and performance shares to managers and other employees

## Percent of Companies Reporting Stock Plan Eligibility by Level of Employee



Base: Varies, based on Q5, if they offer the benefit, Stock Options (n = 141), Restricted Stock (n = 127), Performance Shares (n = 102)

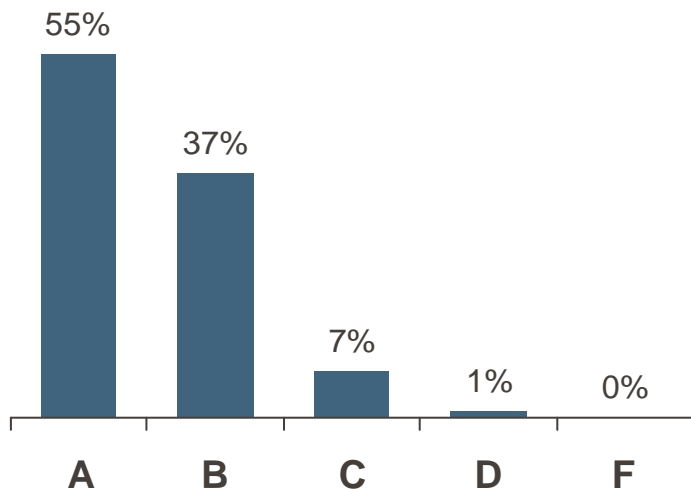
Q8. Please select which type(s) of employee is eligible to receive each of the following (stock plan offerings)?

\*Note: base varies per level of employee; respondents reported they don't have C-Level (5%), Director (3%), or Manager/Other Employee (4%)—these have been removed from the base.

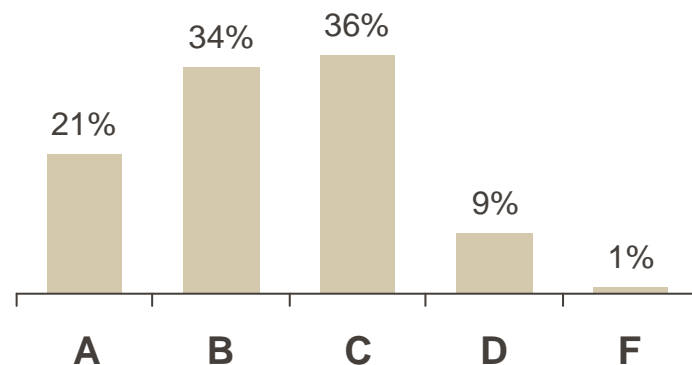
# Employers say non-executive level employees lack understanding of company stock plans

## Level of Understanding of the “Plan Overall” by Level of Employee

### Executive Level Employees



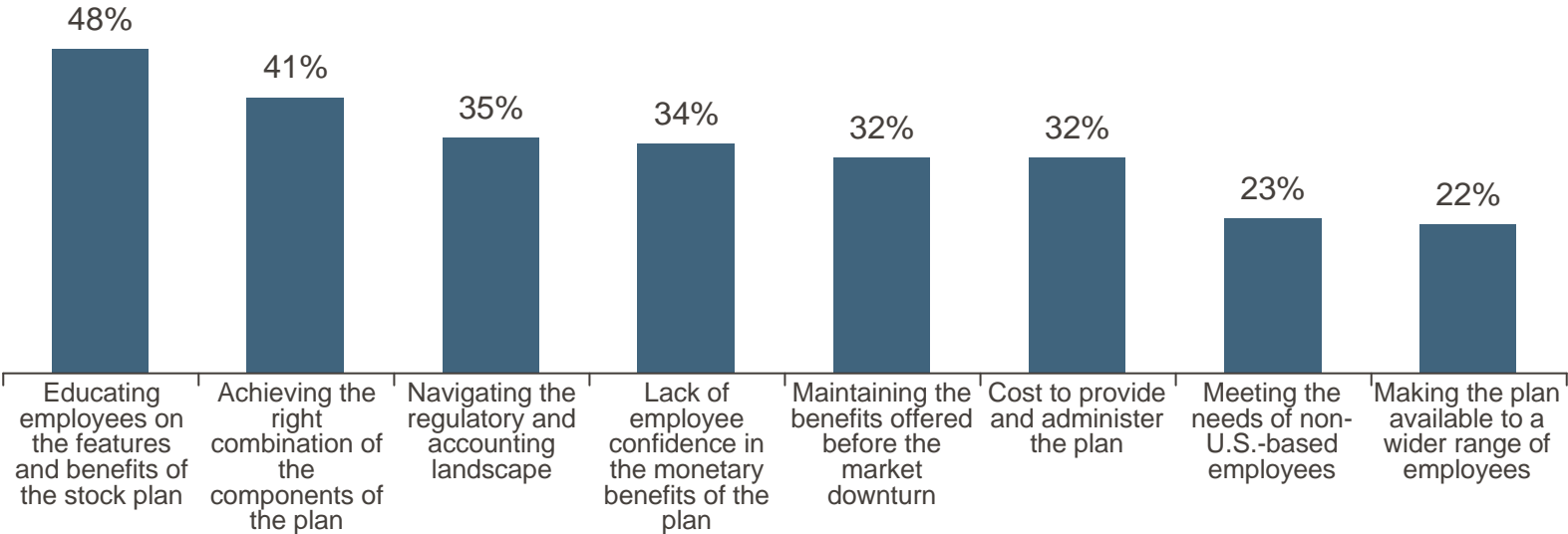
### Non-Executive Level Employees



Base: Varies, dependent on if they have that level of employee  
Q9/10. Please think about the level of understanding your executive level/non-executive level employees have of your company's stock plan. If you used an academic scale to grade your [LEVEL OF EMPLOYEE] on their understanding of the stock plan benefits and features, what letter grade would you give them on each of the following?

# Respondents say the greatest challenge is educating employees about stock plans

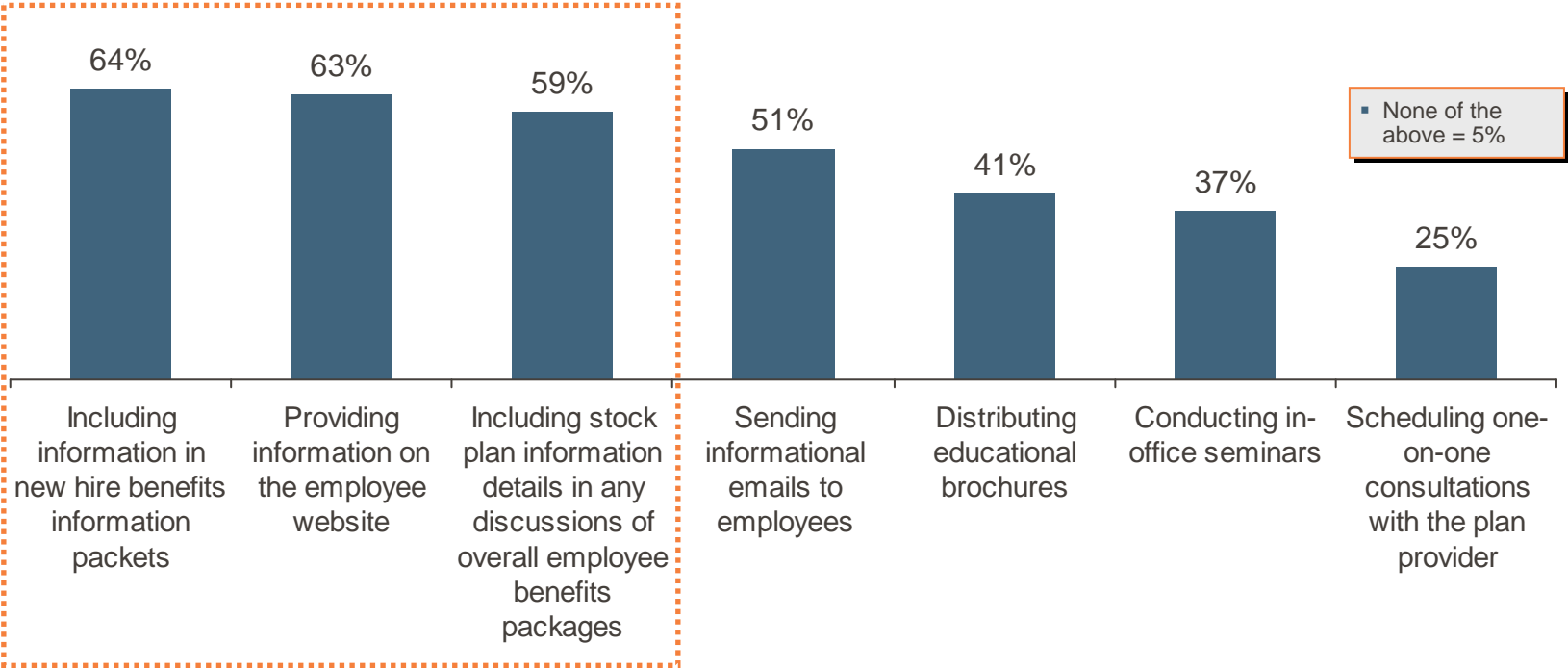
## Significant Challenges in Offering Stock Plan



Base: Total (n = 200)  
Q18. Which of the following, if any, do you consider to be the most significant challenges in administering your stock plan?

# Companies taking numerous steps to educate employees

## To Assist With Education of Benefits of the Stock Plans Companies offer...



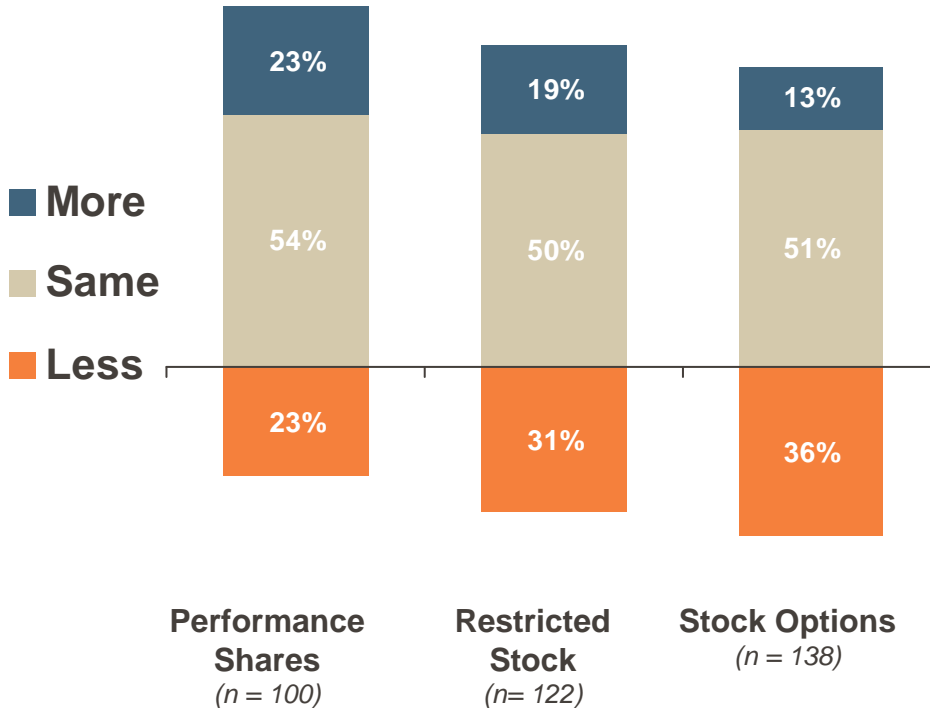
Base: Total (n = 200)

Q14. Which of the following, if any, are you offering employees to educate them about the availability and benefits of your company's stock plans?

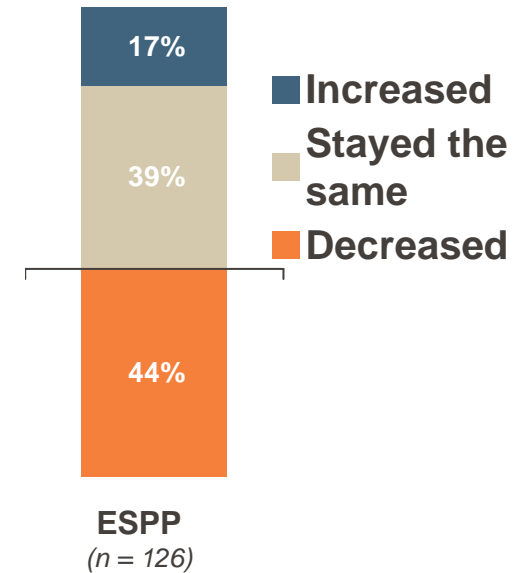
# Impact of Market Downturn

# More companies shift toward performance shares; ESPP participation has stayed the same or increased at majority of companies

## Plan Offerings Since Market Downturn



## ESPP Participation



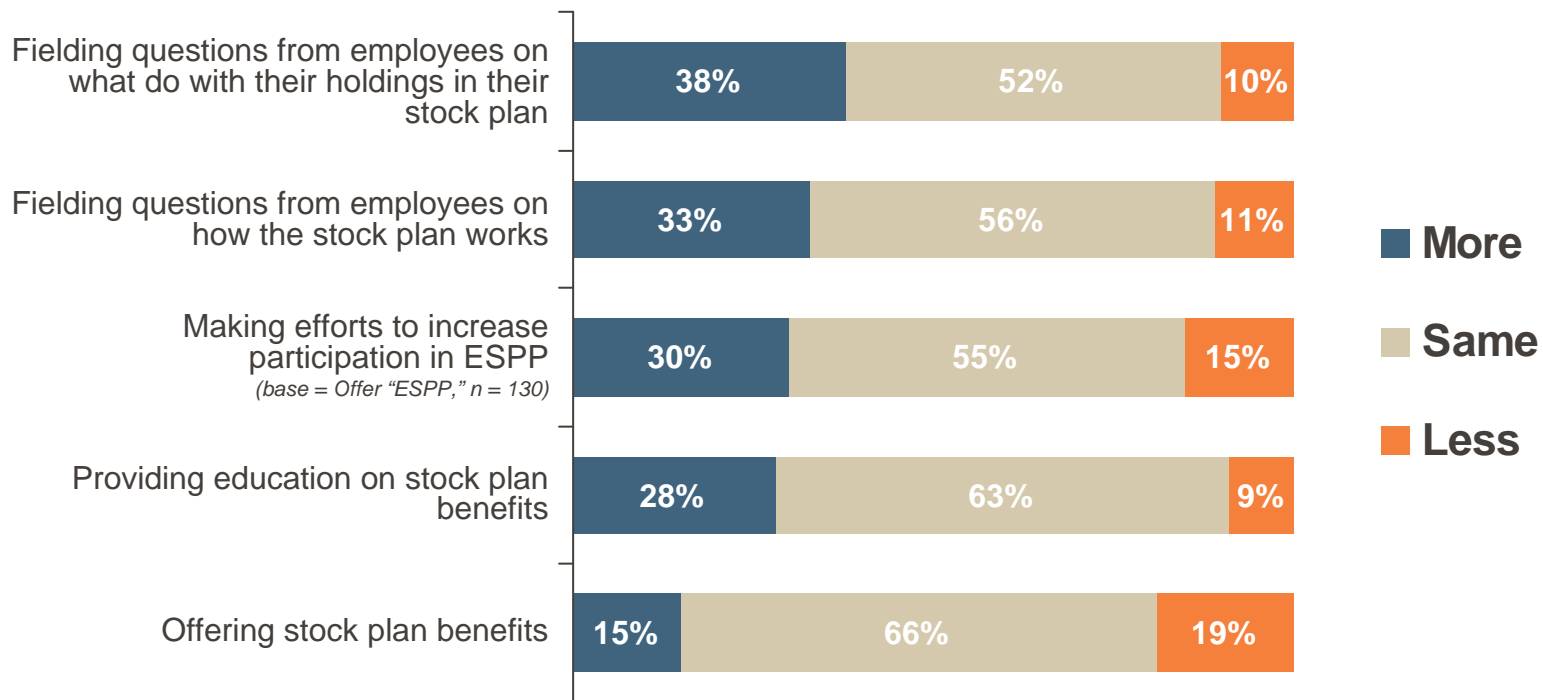
Base: Varies, based on Q5, if they offer the benefit, excluding Don't know responses (see above for base sizes)

Q11. Compared to before the market downturn of Fall 2008, are you offering more, the same, or less of each of the following as a percentage of total compensation?

Q12. Compared to before the market downturn of Fall 2008, has employee participation in your employee stock purchase plan (ESPP)...?

# Companies are fielding more questions from employees since the downturn

## Activities Since Market Downturn



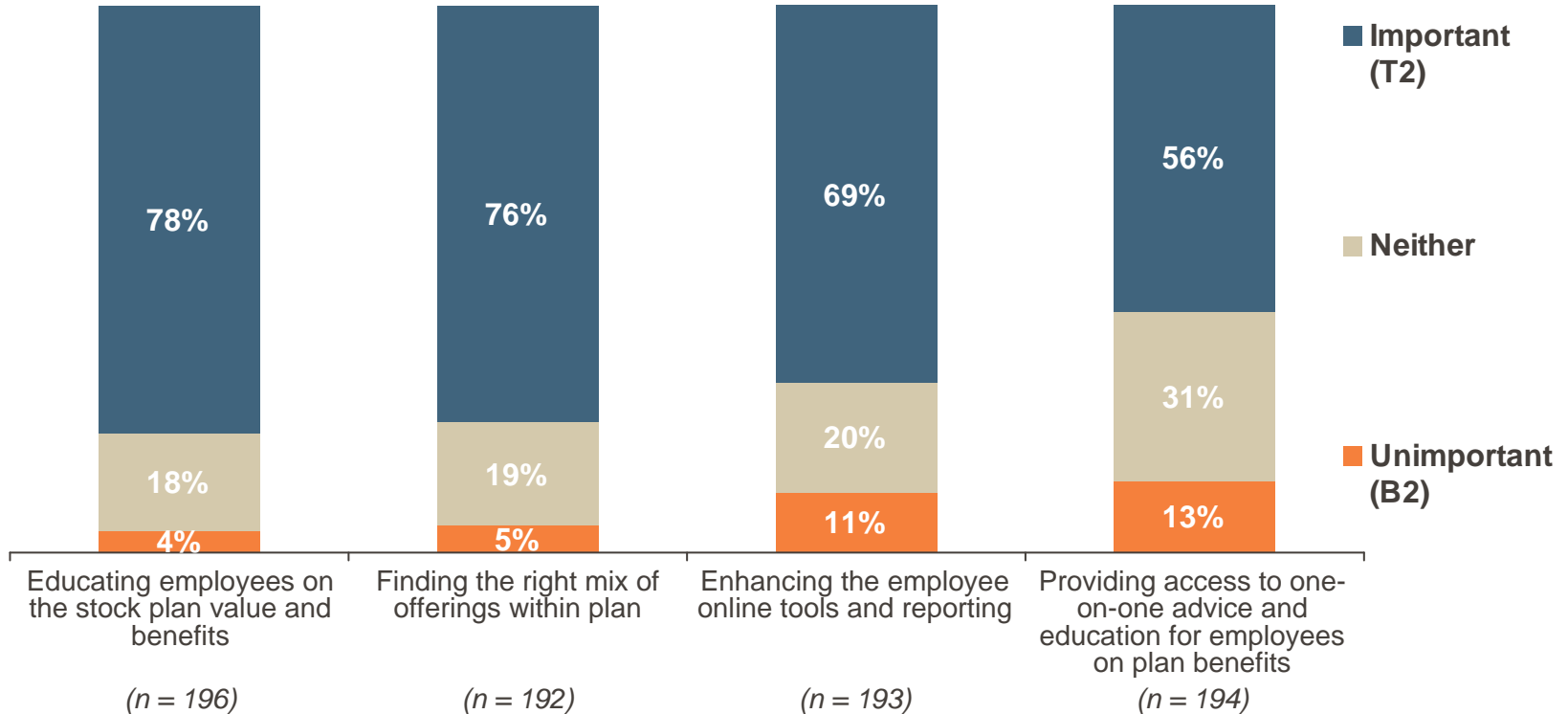
Base: Total (n = 200); for some items varies based on Q5, if they offer the benefit (see above)

Q13. Compared to before the market downturn of Fall 2008 is your company doing the more, the same, or less of each of the following for employees?

# Future Considerations

# Companies are looking to provide more employee education

## Improvements to Stock Plan Over Next Two Years for Non-Executive Level Employees

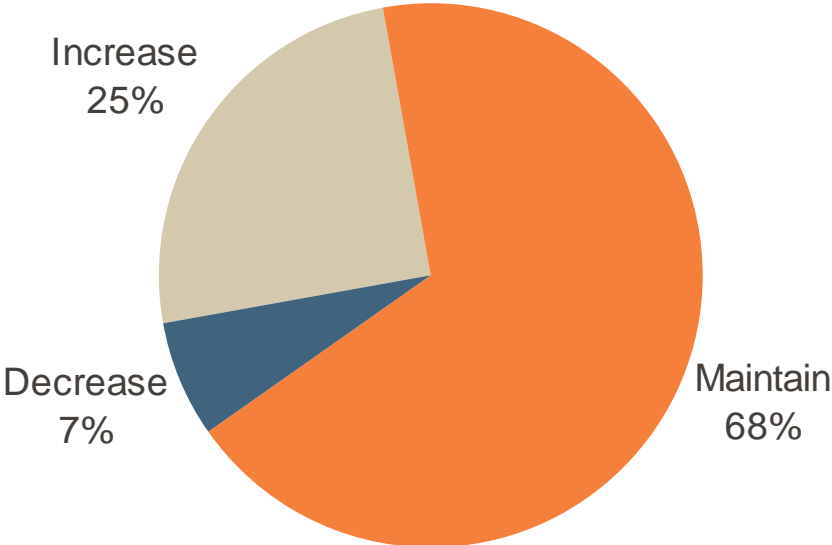


Base: Total, excluding Don't know responses (see above for base sizes)

Q15. In the next two years, how important is each of the following in improving your company's stock plan to your non-executive level employees?

# Majority of companies remain committed to stock plans

## Plans For Employee Stock Plans During the Next 12 Months

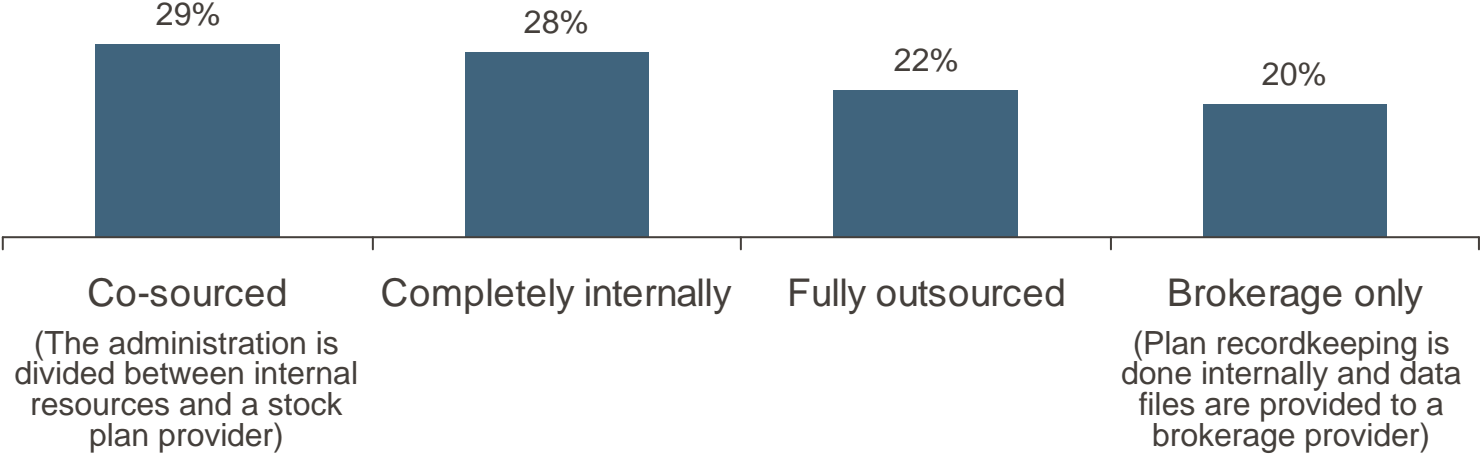


Base: Total, excluding Don't know responses (n = 194)  
Q19. Which of the following best describes your plans for your employee stock plan in the next 12 months?

# Appendix

# Companies are currently co-sourcing administration or administering it completely internally

## Current Method of Administration of Plan Benefits



Base: Total (n = 200)  
Q16. Which of the following, if any, best describes how you currently administer and manage your employee stock plan benefits?

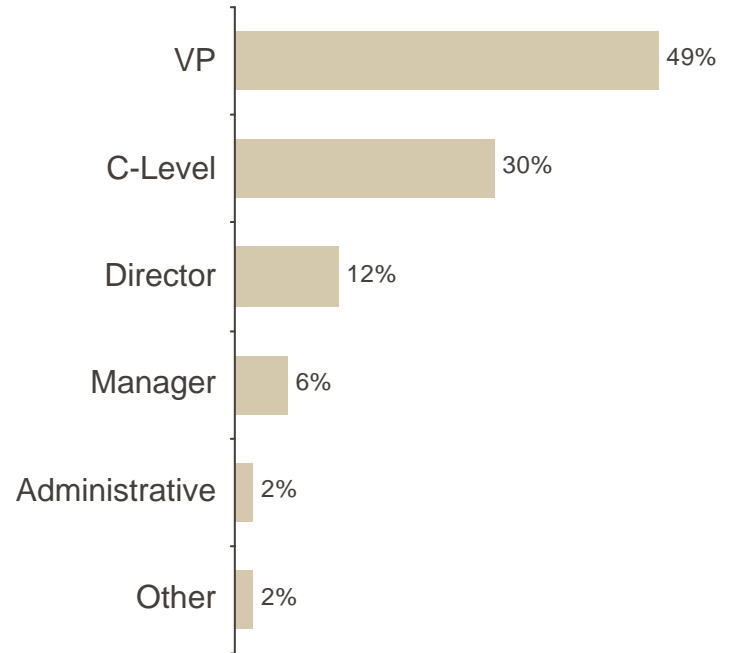
# Demographics

# Respondents typically work in finance or accounting or administration

## Department of Respondent



## Level of Respondent



## Respondent's Level of Decision-Making

I have the <b>final say</b> on decisions regarding my company's stock plan benefits and offerings	31%
I <b>share</b> in the decisions regarding my company's stock plan benefits and offerings	69%

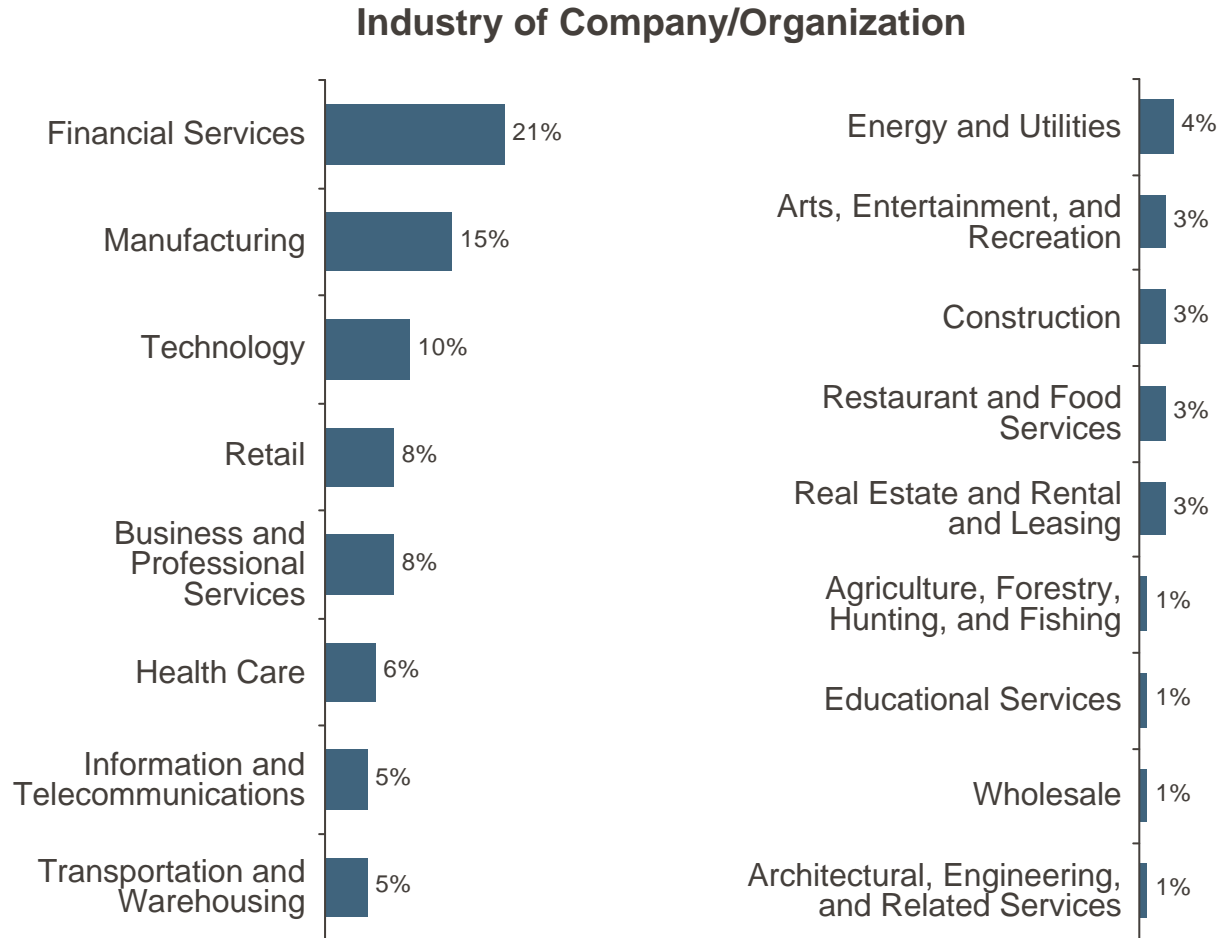
Base: Total (n = 200)

Q4. Which of the following best describes your role in the decisions made regarding your company's stock plan benefits and offerings?

Q25. Which of the following departments do you work in?

Q26. Which of the following describes your position in your company?

# Respondents represent a wide range of industries



Base: Total (n = 200)

Q20. Please select which of the following industries best describes your company/organization?