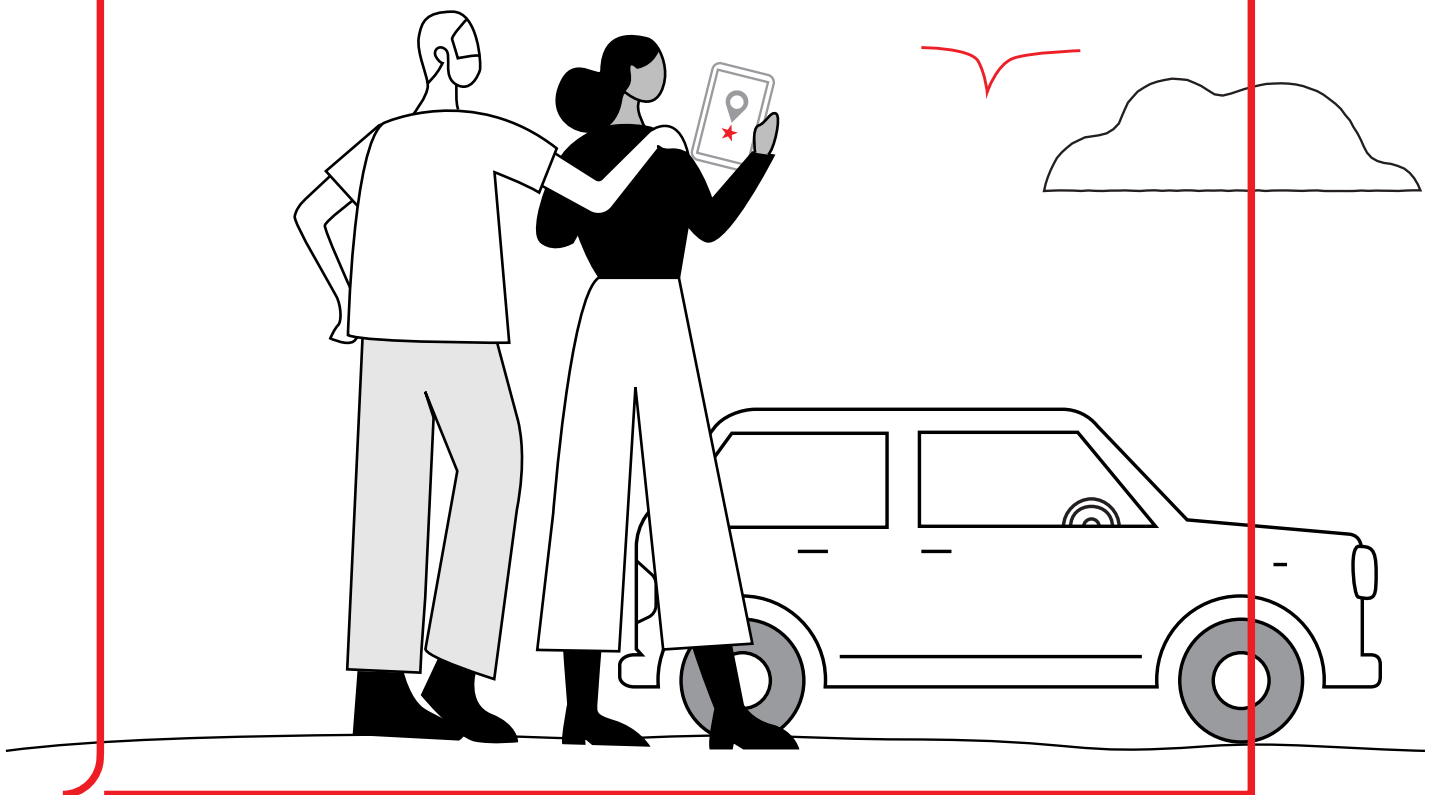


UBS Workplace Voice

Employee attitudes and behaviors
Presented by UBS Workplace Wealth Solutions
Issue 4

Taking the lead

Actions employers can take to boost the value of equity awards during times of volatility



As uncertainty in the stock market persists and inflation remains stubbornly high, the perceived value of equity awards among plan participants has decreased, reversing a long-term upward trend. However, in this latest edition of *UBS Workplace Voice*, we shed light on ways employers can help plan participants realize the value of their equity compensation. Employers have a unique opportunity not only to lead in these uncertain times but to also attract top talent.

Education, communication and personalized guidance can increase perceived value of equity awards

Education on how to manage equity awards, clear communication on key dates and personalized financial guidance can greatly increase how much an employee values their equity compensation. However, many employers overestimate how satisfied employees are with the education and communication they currently receive. Additionally, most plan participants don't have, or are not aware of the access they have, to personalized financial guidance. Including equity compensation in a financial plan is also highly beneficial—yet only half of plan participants currently do so.

No alignment on preferred compensation mix

Employers and plan participants are not always aligned on overall compensation preferences. Most plan participants want cash as their overall compensation while employers assume most want a mix of cash and stock. Plan participants are most likely to use money from selling equity awards to pay off debt or make a large purchase.

The “sophisticated investor” effect

“Sophisticated” plan participant investors (who have \$1M or more in investable assets) typically take a different approach. They are more likely to want a higher proportion of stock in their compensation, and when they sell their awards, they are more likely to re-invest the money instead of spending it.

Attracting new employees

In today's tight job market, equity awards play a major role when attracting new talent. Yet, workplace flexibility trumps everything else. In fact, 85% of employees are willing to forgo equity awards in exchange for flexibility.

More accountability is needed when promoting Diversity, Equity & Inclusion (DE&I) efforts

Plan participants value Diversity, Equity & Inclusion (DE&I) efforts and want leadership to be held accountable for adoption across the firm. Seven in 10 agree that senior leadership performance and awards should be tied to DE&I efforts.

Markets making an impact

The UBS Equity Award Value Index

Measuring how employees feel about equity awards

The UBS Equity Award Value Index (the Index) incorporates five critical variables to measure how much value plan participants place on their equity awards on a scale of 0-100. These equally weighted variables are:

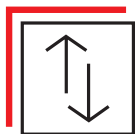
1. View of equity compensation: way to build wealth, paycheck supplement or lottery ticket
2. Importance of taking current job
3. Importance of staying at current job
4. Importance of accumulating wealth/savings
5. Incorporating equity compensation into long-term financial planning

Perceived value of equity awards has decreased since 2019

Since 2013, UBS has been tracking how much plan participants value their equity awards; and, while their perceived value has steadily grown over the years, it declined in 2022. Instability in the financial markets has led more than eight in 10 (83%) plan participants to be “highly concerned” about the impact on the value of their equity awards.

	Minimal value (0-40)	Moderate value (41-60)	High value (61-100)
2022	40%	24%	36%
2019	36%	22%	42%
2016	45%	23%	32%
2013	43%	31%	26%

Market volatility greatly impacts the perceived value of equity awards



83%

“I am highly concerned that instability in the financial markets will impact the value of my equity awards.”

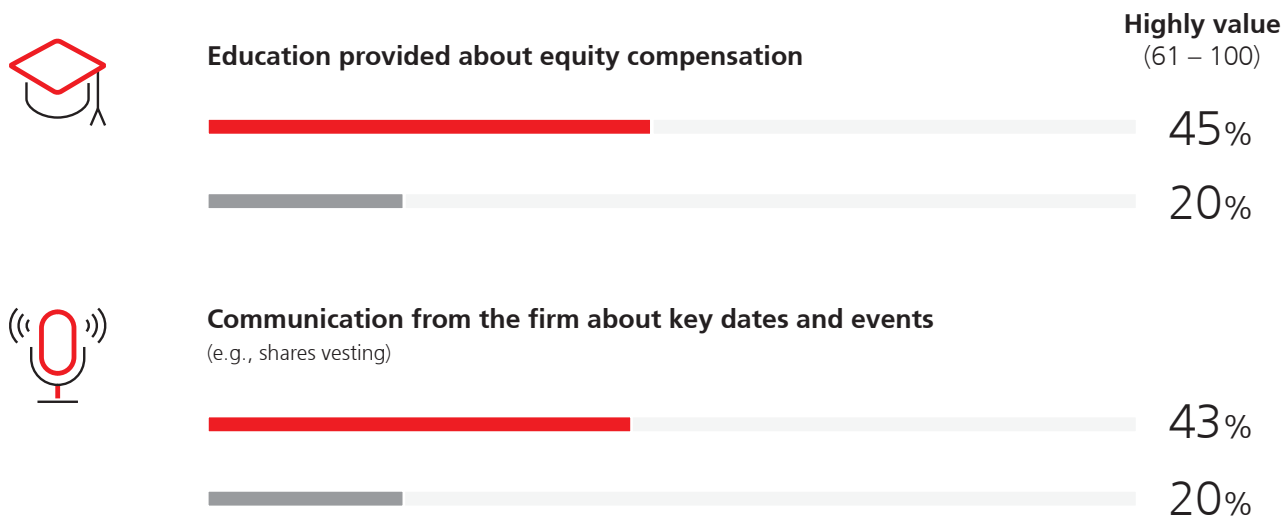
Boosting value through education, communication and personalized human guidance

While little can be done to control instability in the stock markets, employers have other tools to help their employees appreciate the value of their equity awards. Quality education, clear communication about key dates

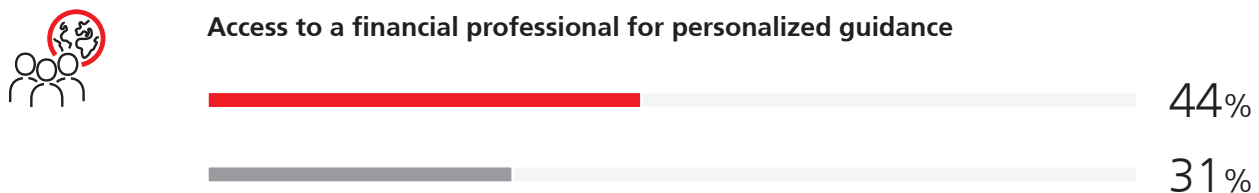
and events and access to personalized human guidance can have a significant positive impact on how much employees value their equity compensation.

Quality education, clear communication and personalized guidance can increase the perceived value of equity awards

■ Highly satisfied ■ Not highly satisfied



■ Yes ■ No



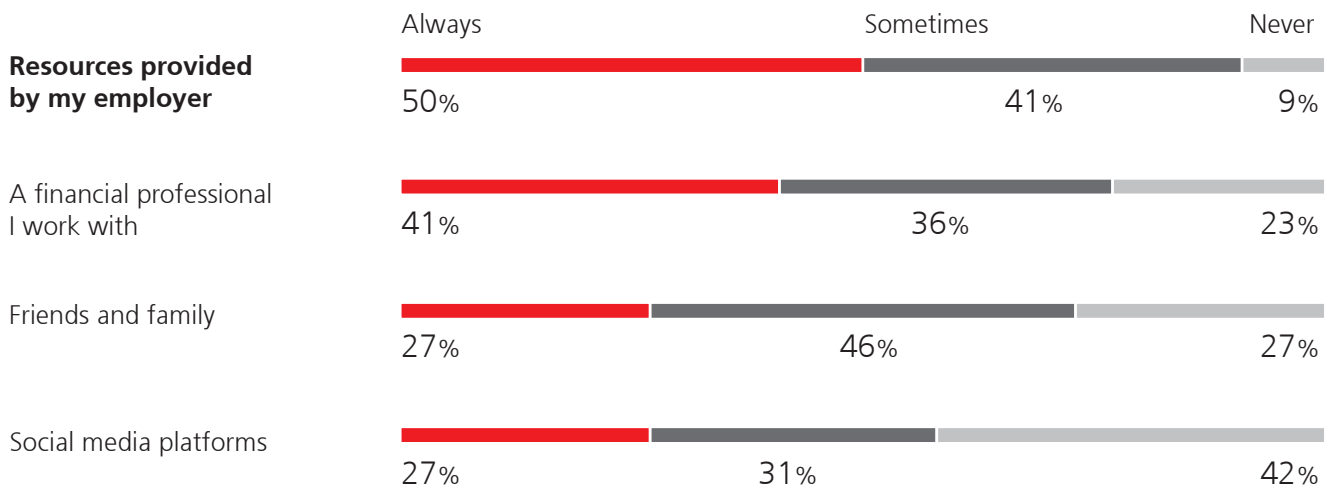
The value of guidance

Resources provided by an employer are the main ways employees learn how to manage equity awards. Materials focused on maximizing the wealth-building

potential of equity awards, diversifying investments and incorporating financial goals could help ease employees' top concerns.

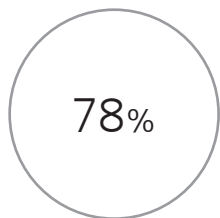
Employees rely on employer-provided resources to learn how to manage equity awards ...

How do you generally learn about equity awards and ways to manage them?

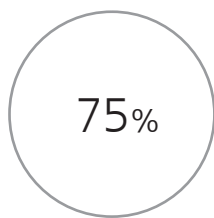


... and they need help addressing these concerns

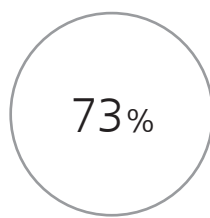
% concerned



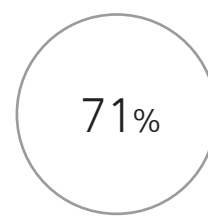
"I could be doing more to maximize my wealth-building potential through equity awards"



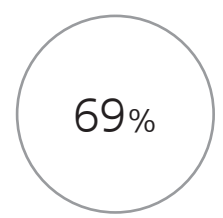
"I might make a bad decision when managing my equity awards"



"I'm not diversified enough in my equity compensation"



"I don't have enough equity awards in order to meet my financial goals"



"I'm too concentrated in my company stock"

Access is key

Personalized human guidance and educational content are highly valuable to plan participants for understanding and maximizing the value of their equity awards—yet fewer than half believe they have access to these resources.

In addition, employers overestimate how satisfied employees are with the education and communication they receive. While 85% of employers feel participants are highly satisfied with the education provided, only 64% of plan participants agree. The same applies to employers' communication about key dates and events.

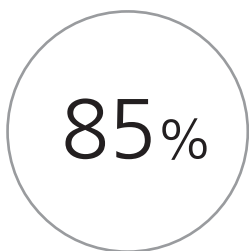
Personalized human guidance is most valuable to employees, yet few say they have access

	Believe to be highly valuable	Say they have access to
Access to a financial professional for personalized guidance	71%	37%
Online content, such as articles, research papers and videos	67%	44%
Printed content, such as factsheets and brochures	65%	34%
In-person group meetings, such as seminars	62%	36%
Virtual group meetings, such as webinars	58%	30%
Online tools and games	58%	33%

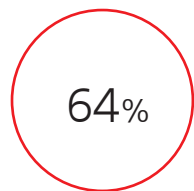
Plan participants are not as satisfied with training and communications as employers think

% highly satisfied

Education provided about equity compensation



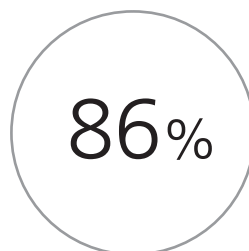
Employer's perception of plan participant's satisfaction



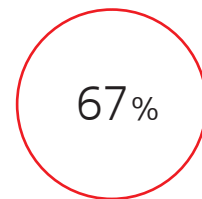
Plan participant's satisfaction

Communications from employer about key dates

(e.g., shares vesting, ESPP open enrollment, RSU tax payment method election windows, etc.)



Employer's perception of plan participant's satisfaction



Plan participant's satisfaction

Satisfaction. Understanding. Confidence.

The benefits of including equity awards into a financial plan are clear, yet only half are doing it. Those who include them are more satisfied with equity awards, more likely to understand details of equity compensation and more confident in managing awards.

Only half include equity awards as part of their overall financial plan



50%

"I think of equity awards as part of my overall financial plan and make decisions accordingly."

Those who include equity awards in financial planning see satisfaction and confidence boost

	Include equity awards in financial plan	Don't include equity awards in financial plan
Clearly understand the details of their equity compensation	81%	71%
Highly satisfied with equity awards	74%	65%
Highly confident in decisions regarding equity awards	69%	58%

Cash is king (for most)

Employers and plan participants are not always on the same page when it comes to the preferred compensation mix when receiving equity awards. Employers feel plan participants are most likely to prefer cash with some stock, when in reality, many plan participants prefer all cash.

Preference of compensation mix varies by wealth level. Plan participants with investable assets of \$1 million or more prefer a higher proportion of company stock in their overall compensation.

Many plan participants prefer all cash

	Participant view	Employer view
100% cash	47%	29%
Mostly cash but some stock grants or options	35%	43%
Even mix of cash and stock grants or options	16%	22%
Mostly stock grants or options but some cash	3%	5%

Preferences vary by asset level

	Less than \$250k	\$250k - <\$1M	\$1M+
100% cash	53%	46%	37%
Mostly cash but some stock grants or options	31%	36%	40%
Even mix of cash and stock grants or options	14%	14%	20%
Mostly stock grants or options but some cash	2%	4%	3%

To spend or invest?

Plan participants are most likely to use their equity compensation for short-term liquidity needs such as paying off debt, making a large purchase or for everyday spending needs. As plan participants' assets increase, they are more likely to diversify into other investments and put their money to work.

In light of the recent stock market volatility, the majority (59%) of plan participants are highly interested in shorter, more frequent vesting periods, especially the younger participants.

Many plan participants sold equity awards for other investments and expenses

	Less than \$250k	\$250k - <\$1M	\$1M+
"Sold some or all of my equity awards for spending money"	19%	17%	21%
"Sold some or all of my equity awards to pay off debt or to make a large purchase"	37%	40%	41%
"Sold or transferred some or all of my equity awards to diversify into other investments"	30%	42%	48%
"Held on to all of it "	34%	31%	27%

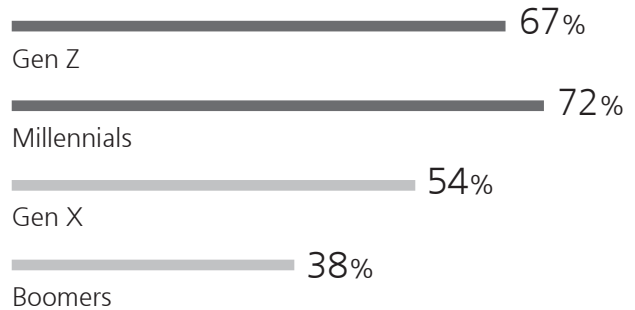
Strong interest in more frequent vesting cycles due to market volatility



59%

"I want shorter, more frequent vestings."

By generation



Job seekers value equity awards

As employees continue to change jobs in the current labor market, equity awards play a pivotal role in attracting talent. Seven in 10 plan participants leave behind equity awards when switching jobs, so they are looking to fill that void of compensation at the next career opportunity.

As a result, 74% of plan participants believe equity awards are highly important when considering a new job. This view is consistent across generations with Boomers only slightly behind at 65% who highly value equity awards.

Plan participants leave behind equity awards when changing jobs



70%

Many plan participants leave behind equity awards when leaving a job.

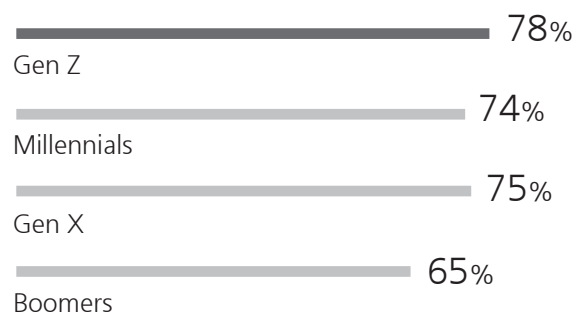
Equity awards are highly relevant when deciding on the next opportunity



74%

Equity awards are highly important when considering a new job.

By generation

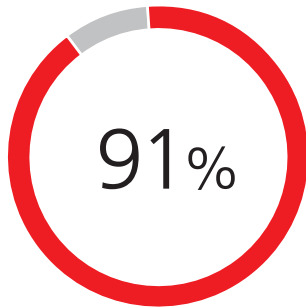


Flexibility over equity

Work-personal-life balance is highly important to plan participants who have recently switched jobs or plan to do so in the near future. Nine in 10 agree that companies that offer flexible work environments are more attractive, and most prefer a hybrid work environment.

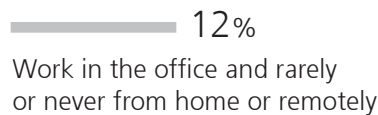
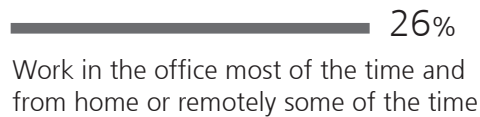
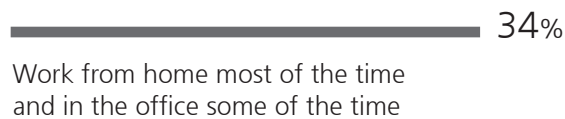
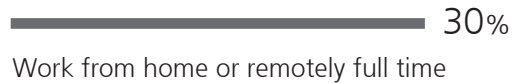
In exchange for more flexibility, 85% of new plan participants are willing to accept less in equity awards. Millennials are the most willing to accept less in equity awards for the opportunity to work remotely.

Companies that offer flexibility will attract new talent

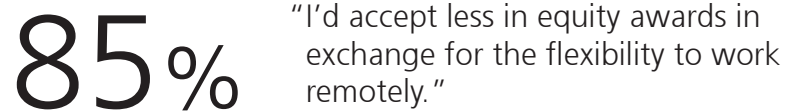


91% of plan participants who have recently switched jobs agree that companies that offer flexible work arrangements are more attractive to employees

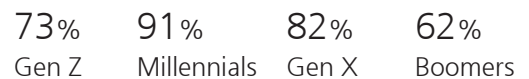
Most plan participants want a hybrid work environment ...



... and are willing to sacrifice equity awards for that flexibility



By generation



Spotlight

Embracing diversity, equity & inclusion (DE&I)

In light of the social turmoil of the last two years, two-thirds of plan participants deem DE&I efforts as highly important—and they are even more important among younger generations.

Plan participants want more accountability for firm-wide DE&I efforts. Seven in 10 feel that senior leadership's compensation should be tied to DE&I efforts, and half say their company needs to be doing more in this area.

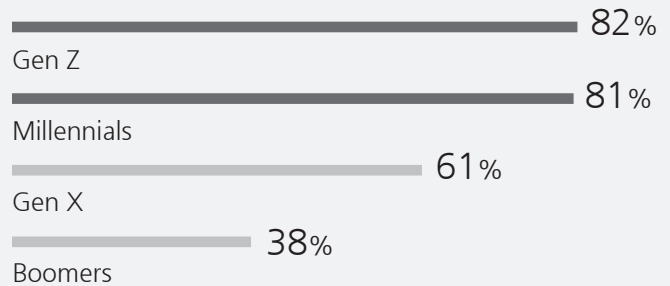
DE&I is a major priority—especially in younger generations



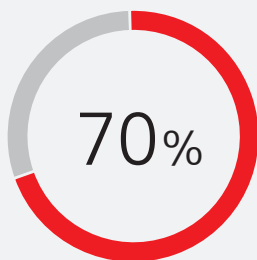
65%

of plan participants feel DE&I efforts are highly important

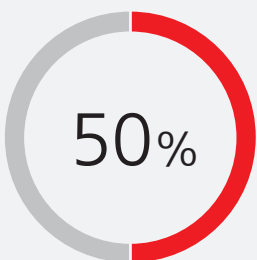
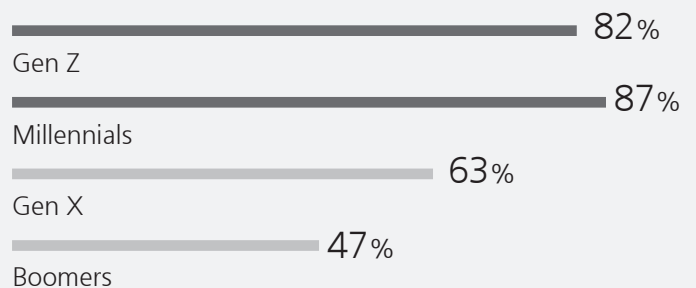
By generation



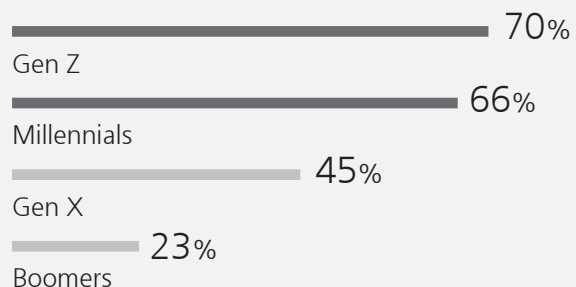
Plan participants want companies to be more accountable in DE&I efforts



of plan participants agree that senior leadership performance and rewards should be tied to DE&I efforts



of plan participants feel their company could be doing more to better promote DE&I among its employees



Understanding these insights

Actionable takeaways

1 Education, communication and personalized guidance are critical.

The UBS Equity Award Value Index, which measures how much equity plan participants value their awards, continues to be positively influenced by education, communication and personalized guidance. The more satisfied participants are with these three elements, the higher their index score. If you don't do this already, consider offering your employees financial wellness as a workplace benefit. A comprehensive program that includes both human guidance and online resources can help employees better understand their equity awards and view them in the context of their overall financial life.

2 Communicate, communicate, communicate.

Employees not only rely mainly on educational resources provided by their employers on how to manage equity awards but they also expect these resources to be available. Unfortunately, employers highly overestimate the level of employee awareness with these resources. Ensure all employees receive timely communications and updates regularly throughout the year, not only when they need to take action.

3 One size does not fit all.

Since everyone's financial journey is unique, it's fitting that the most valuable resource for employees is having access to personalized financial guidance. If you don't offer this already, consider adding human guidance to your suite of educational resources. A financial coach can educate the employee on their specific financial needs, allowing them to better value what you give them.

4 Equity awards can help attract talent.

Two-thirds of employees say equity awards are highly important when considering a new job. If overall compensation for an open role includes equity awards, consider including that in the job description. Equity awards can be a tool to help you attract talent.

5 Publicize DE&I efforts.

A company's DE&I efforts are highly important to employees, especially to the younger generations who make up the majority of the workforce today. They also think senior leadership performance and rewards should be tied to DE&I efforts. If not doing this already, consider tying a portion of executive compensation to company's DE&I efforts and ensure your employees are aware of it.

About UBS Workplace Wealth Solutions

UBS Workplace Wealth Solutions collaborates with corporate clients to deliver customized solutions across a range of programs for the workplace, including financial wellness, retirement and equity plans. We currently provide more than 10,000 employers and their two million employees in over 150 countries with access to financial knowledge, benefits programs that prepare them for retirement, and an integrated experience that combines the right mix of people and technology. We work side-by-side with our clients so that everyone feels rewarded at work and optimistic about realizing their long-term financial goals.

About the survey

UBS Workplace Voice is an industry-wide online survey of employee benefit participants. It is designed to generate insights employers can use to help participants maximize the value they receive from their company benefits such as equity awards, financial wellness and retirement. The responses represent a cross section of companies, industries and service providers. For this edition of *UBS Workplace Voice*, we surveyed 1,609 employees across various industries, ages and asset levels in July of 2022. We also surveyed 567 HR professionals who are highly involved in equity compensation decisions.



Let's talk

We welcome your questions about how we can help you create a more rewarding workplace through UBS Workplace Wealth Solutions and the services we offer. Please contact a UBS representative by e-mailing UBSWorkplaceSolutions@ubs.com or visit us at ubs.com/workplacesolutions.