

UBS Participant Voice

Employee attitudes and behaviors toward equity plans

Presented by UBS Workplace Wealth Services/Issue 4

Unlocking value

Employees value awards more, but there's still a long way to go



The UBS Equity Award Value Index

Measuring how employees feel about equity awards

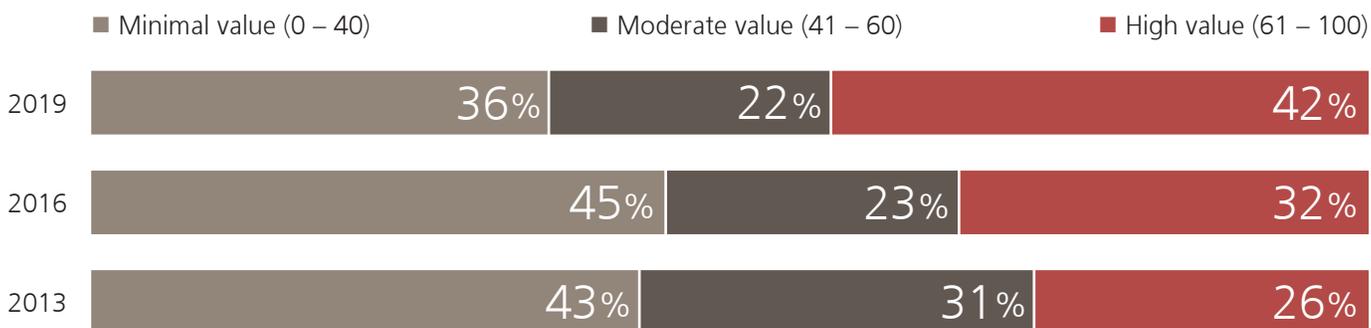
The UBS Equity Award Value Index (the Index) incorporates five critical variables to measure the value plan employees place on their equity awards on a scale of 0 – 100. These equally weighted variables are:

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

UBS Participant Voice is an industry-wide online survey of 1,046 US employee equity plan participants.

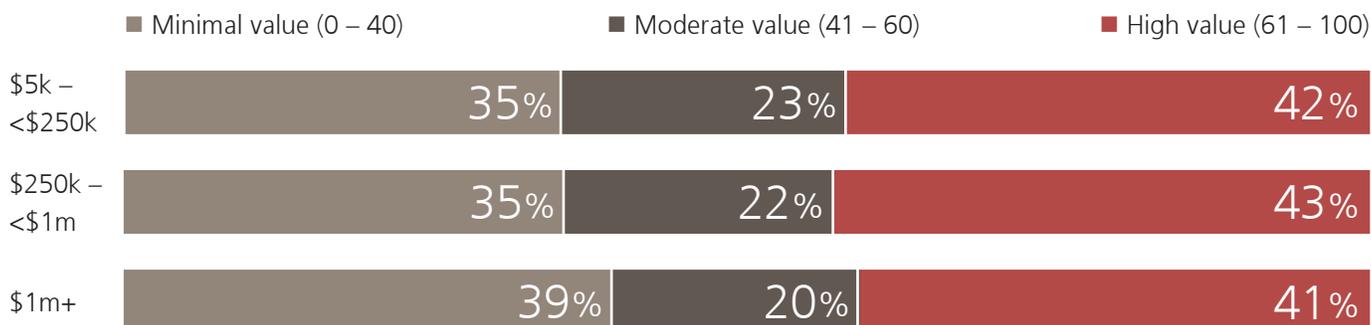
Respondents are employed by companies in various industries and of different sizes, from companies with less than 500 to over 50,000 in total employee headcount.

We see that since 2013, there's been a steady increase in the percentage of employees who highly value their equity awards, yet one in three (36%) still see minimal value in them.



Consistent findings across all income levels

While there are differences based on age and gender on perceived value of equity awards, which will be explored more throughout the report, **asset level makes no difference**. Those with asset levels less than \$250k value their awards just as much as those with \$1m+.



3 steps companies can take to increase how much their employees value equity awards

While employees are increasingly seeing the value in their equity awards, there are three critical steps that employers can take to ensure employees truly value their awards. Furthermore, the impact on how employees view their awards is greater when all three steps are taken together.



Step 1

Deliver education and personalized advice that put equity compensation in the context of a participant's overall financial picture



Step 2

Design a clear plan for easy engagement



Step 3

Drive a strong culture that reinforces the company's growth potential

Taking all 3 steps leads to highest appreciation for equity awards



On the following pages, we take a deep dive into how each step affects employee appreciation for equity awards, and why each step is important.

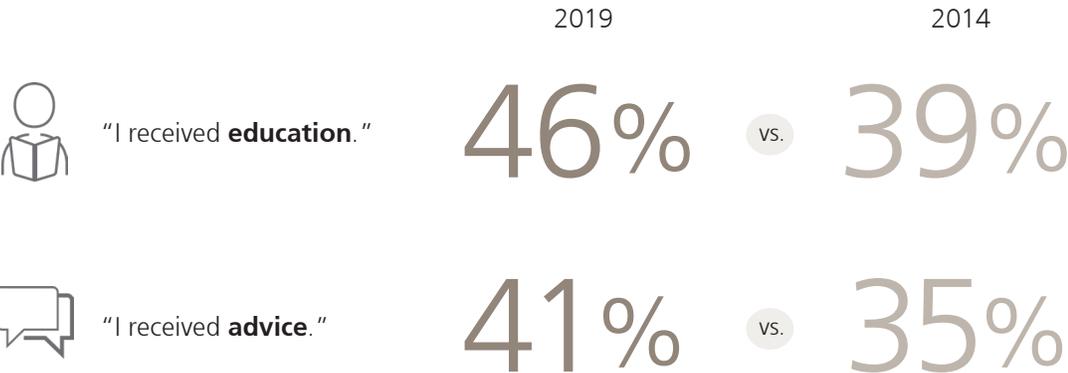
Employees say they are getting more education and advice, but there is still room for improvement

Employees don't value what they don't understand. Those who are more satisfied with the education they receive regarding their equity awards tend to value them more. However, employees don't seem to be aware of the information that is available to them. While access to education about their equity compensation (e.g., tax considerations, holding concentrated stock options, etc.) and personalized advice has improved, most still state they have not received either.

Step 1 Deliver education and advice

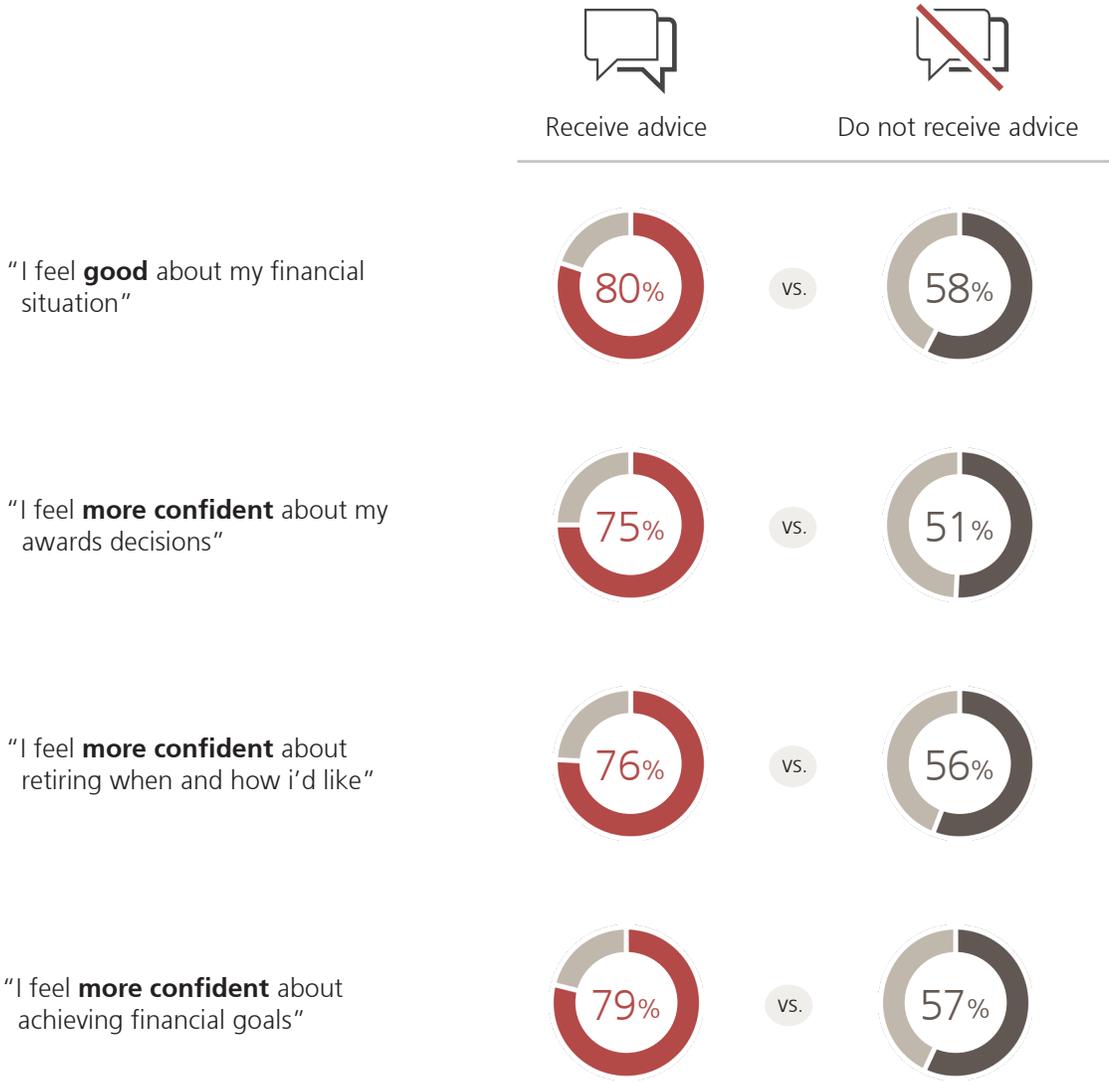


Fewer than half say they've received advice or education on their equity compensation



Personalized advice, education and planning open the door to greater financial confidence

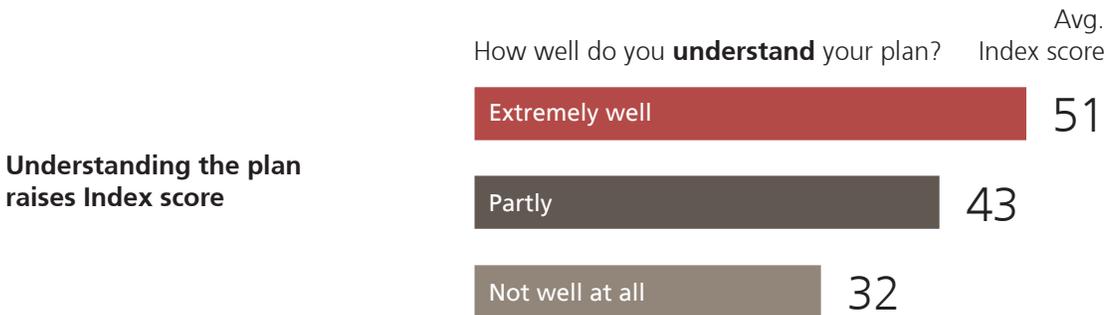
There are many benefits to incorporating advice, education and planning when managing equity awards. Those who receive personalized advice feel better about their overall financial situation. They are more confident in their decision regarding equity awards and being able to retire when and how they'd like.



Employees want a straightforward plan

Employees who have a clear understanding of how their equity plan works place more value on their equity awards. They are looking for straightforward plans that are easy to use. They want access to the plan online, but they also value advice from a financial advisor.

Step 2 Design a clear plan



Top 3 features employees look for in an equity plan



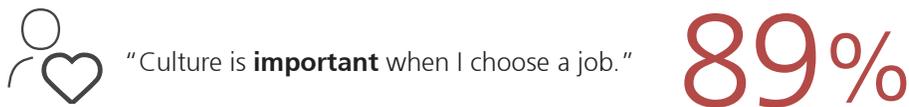
Driving a strong culture is important to building loyalty

Employees who rate their company culture highly find more value in their equity awards. And company cultures have been improving. Nearly three-quarters (71%) of employees rate their company's culture favorably today compared to 61% five years ago.

Step 3 Drive a strong company culture



Company culture is important



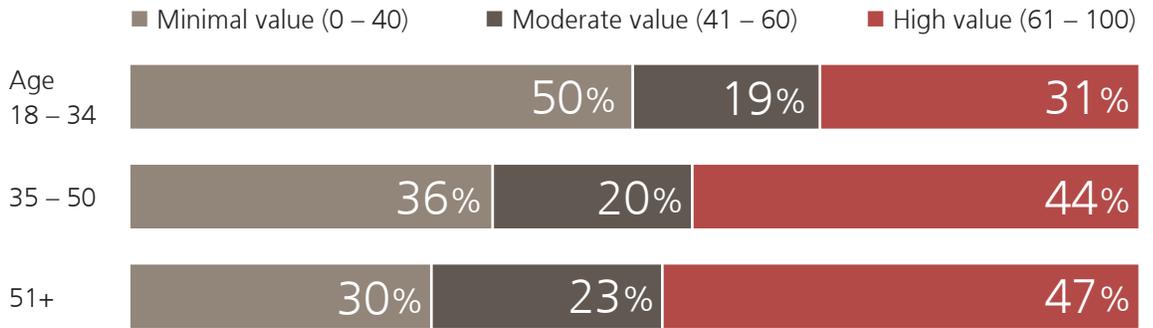
The top three actions a company can take to improve workplace culture are providing flexible work schedules, clearer paths to advancement and employee recognition programs. Younger employees also tend to be more interested in open and collaborative office space as well as access to financial wellness programs.

Top 3 ways to improve culture



The younger generation appreciates awards less ...

Our survey indicates that age and gender also play a role on how much employees value equity awards. Younger employees place less value on their equity awards compared to older employees, with half placing minimal value on them. A few contributing factors include being more mobile in their careers, lack of understanding of equity compensation plans and an eagerness to sell as soon as their awards vest.



Here's why:



Percent who agree with each statement



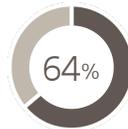
Young employees **switch companies more often**

Age 18 – 34



vs.

35 – 50



vs.

51+



They think their equity plan is **highly complex**



vs.



vs.



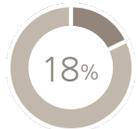
They like to **sell when their awards vest**



vs.



vs.



... but they value personalized advice and are even willing to pay for it

While younger employees are less likely to use their equity awards for longer-term savings goals, they do recognize they can be doing more to better manage their finances. They are most likely to admit that their finances keep them up at night.

 Percent who agree with each statement

Age 18 – 34 35 – 50 51+



Young employees want to do more to **manage their finances better** ...



... and admit finances **keep them up at night**



Contrary to stereotypes that the younger generation is highly cost-conscious, many are willing to pay for advice, even more so than the older generations.



Young employees are **more willing to pay for advice**

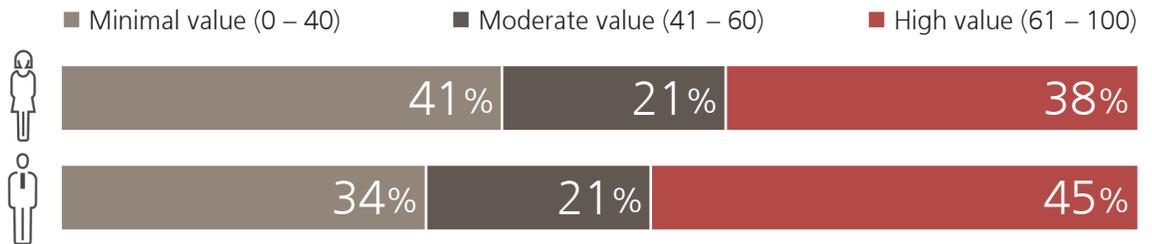


Women value awards less, but advice and education could bridge the gap

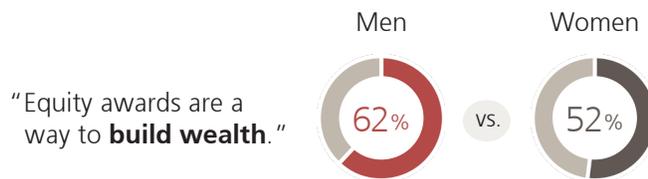
Women are less likely to value their equity awards compared to men. In turn, they are less likely to view awards as a way to build wealth. Women also tend to be less satisfied with the education provided and communications about key dates (shares vesting, open windows for transactions, etc.).

Overall, women are less confident in their decisions regarding equity awards compared to men but there seems to be a clear connection between working with an advisor and having increased confidence. Among women who have an advisor, their confidence level is almost twice as high compared to those who don't.

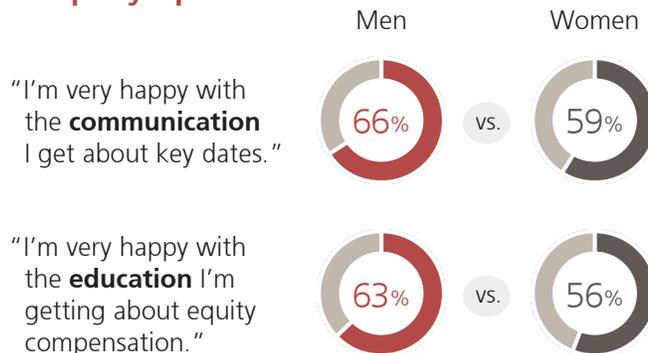
Women value equity awards less than men



Women less likely to see equity awards as a path to wealth



Women are less happy with their company's plan



Women have more confidence when working with an advisor



About this survey

UBS Participant Voice is an industry-wide online survey of employee equity plan participants. It is designed to generate insights employers can use to help participants maximize the value they receive from the equity. The responses represent a cross section of companies, industries and service providers.

For this edition of *UBS Participant Voice*, we surveyed 1,046 US equity award plan participants across industries with at least \$5k in investable assets between September 12 – 24, 2019.

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, equity plans and institutional consulting. 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.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. A small number of our financial advisors are not permitted to offer advisory services to you, and can only work with you directly as UBS broker-dealer representatives. Your financial advisor will let you know if this is the case and, if you desire advisory services, will be happy to refer you to another financial advisor who can help you. Our agreements and disclosures will inform you about whether we and our financial advisors are acting in our capacity as an investment adviser or broker-dealer. For more information, please review the PDF document at ubs.com/relationshipsummary.

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