

MAXIMIZING ENROLMENT IN YOUR EMPLOYEE SHARE PURCHASE PLAN



CERTAINTY

INGENUITY


ADVANTAGE

 **Computershare**

Executive Summary

With growth comes the opportunity to reward the employees that are critical to the success of your company. An equity plan encourages loyalty and employee engagement, rallying your workforce around a common objective by directly connecting them to the success of the company.

This white paper outlines the benefits of an ESPP for your company and your employees. We offer best practices for encouraging plan participation among your employees when you are seeking to introduce or to improve employee uptake of your ESPP. Additionally, this white paper will provide tips on how you can evaluate the effectiveness of your ESPP promotion program.

A high-angle photograph of a diverse group of business professionals in a modern office setting. A man in a white shirt and tie stands at the head of a large white conference table, gesturing towards documents. Several women and men are seated around the table, some looking at laptops, others at documents. The room has a polished floor and large windows in the background.

While the benefits of share purchase plans are undeniable, plans are often misunderstood by employees and under-promoted by companies.

Best Practices to Maximize Plan Uptake

TIPS FOR COMMUNICATING SUCCESSFULLY WITH YOUR EMPLOYEES

- > Make documents clear and easy to read. Use simple language and define all technical/industry terms to avoid confusion. Don't underestimate the importance of formatting and company branding.
- > Pilot your communications by testing your communications on a small group of employees to ensure they are straightforward and easy to understand. You'll be able to measure success, adjust and roll out a stronger program to the entire company.
- > Include a call to action at the end of any communication, detailing which individuals employees can contact should they have any questions.
- > Employee testimonials are realistic and compelling – include them in your communications if you are attempting to increase uptake of an existing plan.
- > Be transparent: outline risks, tax consequences and potential downsides of ESPP participation (e.g. declining share prices).
- > Your charts or graphs should depict realistic and accurate examples (e.g. current share price and interest rates).
- > Have all communications reviewed by your legal team.

How to maximize the impact of your employee share purchase plan

Boosting enrolment in your existing ESPP means that even more of your employees are directly engaged in the successful performance of your company.

While the benefits of share purchase plans are undeniable, plans are often misunderstood by employees and under-promoted by companies. Many employees decline to participate in an ESPP because the rules may be confusing or difficult to understand, or the benefits of participation are not clear. Most employees join plans either when they are hired or after an employment milestone, meaning participation at a later date often requires a conscious decision on the part of an employee. This means some effort is required by the plan sponsor to increase employee uptake in the plan.

Because ESPPs are typically a material investment for employers, it is important that the benefits of the plan are made clear to employees, to ensure participation rate goals are attained. Employees will join a plan when they are presented with compelling benefits.

The following best practices can help you to improve uptake in your ESPP.

GATHER YOUR DATA AND DEFINE SUCCESS

Before starting any promotional effort or campaign you first need baseline data to work from. This data typically comes from within your organization (payroll and HRIS systems) and also from your ESPP recordkeeping provider. Once you have collected the pertinent data you can establish where you are and set targets for the future. To gauge the success of your plan communications, review plan participant behavior and measure the number of enrolments and questions about the plan after a campaign.



CREATE A COMMUNICATION AND EDUCATION PLAN

With the data you collect you will then be able to create a strategic plan for increasing uptake. Create a dedicated team or enlist your Marketing and/or Corporate Communications teams to execute a formal communications plan, which details how you will educate the employees at your company. Be sure to include deadlines, deliverables and goals and to assist with the campaign.



This will enable you to quantify your successes and monitor any progress in increased plan uptake. A good head start for your company would be to base your communication program on similar successful programs you may have already run for your employee health, benefit and/or pension plans. Your ESPP administrator is also a valuable resource and may have experience designing employee communication plans – be sure to leverage their expertise.

Best Practices to Maximize Plan Uptake

WAYS OF MEASURING THE SUCCESS OF YOUR ESPP PROMOTION CAMPAIGN

- > Pre- and post-campaign plan participation numbers
- > Number of employee inquiries
- > Manager feedback
- > Patterns of stock ownership
- > Feedback from employees or employee surveys

DEPLOY COMMUNICATIONS ACROSS VARIOUS CHANNELS

Your first plan of action should address the specific methods by which you will engage with your employees to present them with the benefits of participating in an ESPP. Build upon your traditional ways of reaching employees – posters, lunch and learns, email blasts, etc. – with diverse communications, including webinars, video campaigns, social media and your company intranet.

All of these forms of communication can be bolstered with informational posters, pay stub notices, giveaways, contests and a documentation library with documents such as FAQs, contact sheets and white papers. Most importantly, when selecting which of the aforementioned mediums to use, consider which ones best reflect the culture of your company.



ENCOURAGE MANAGER INVOLVEMENT AND EMPLOYEE PLAN ADVOCATES

Because most employees interact with their managers each day, managers can be an excellent way to promote share purchase plans. Prepare your managers with the coaching and information they need to accurately and helpfully promote your ESPP to employees. As part of your data gathering, research which managers have higher participation rates amongst their employees and find out how they are promoting your plan.

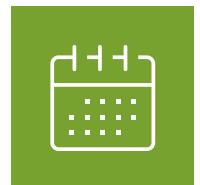
Additionally, real-life, relatable experiences can be valuable. Employee plan advocates can provide testimonials that can be used in your internal campaigns or at live meetings to let other employees know about their positive experiences with the ESPP.



UNDERGO SCHEDULED CAMPAIGNS AND FOLLOW-UPS

If you have implemented an internal campaign, a good indicator of success is having more employees join coupled with a decrease in inquiries about the plan. To ensure you have reached all employees, consider sending confirmation of non-participation notices to those employees who are not plan members. Be sure to include promotional materials or links to detailed share plan information.

Your employees maybe be thinking of joining your ESPP and simply need a little more encouragement to join. Be sure to schedule regular campaigns and follow-ups as promoting your share plan infrequently or only during its initial rollout will limit uptake.



The Benefits of an ESPP for your Employees

POTENTIAL BENEFITS OF ESPPs FOR EMPLOYEES

- > Ability to purchase shares and invest easily
- > Discounted or matched share prices
- > Upside in a down market – a lower share price means that more shares are purchased when prices are low, assuming contributions are relatively fixed
- > Heightened workplace engagement
- > Option of using RRSPs and TFSAs to potentially minimize taxation
- > Opportunity to use shares to save for retirement

Increasing depth of share ownership

Not only can employees be encouraged to participate in an ESPP, but existing participants can be encouraged to increase their level of participation in terms of their contribution levels. To increase depth of share ownership, consider creating a mechanism to get employees to regularly review their share plan contributions. Often, encouraging understanding of how the plan works yields greater involvement in the plan. Ways to deepen understanding of your plan can include providing FAQs, informational posters, employee handbooks, webinars and PowerPoint presentations. Make these resources available via the company Website or intranet.

Boost your plan uptake today!

If you plan to boost the uptake of your company's new or existing ESPP, first ensure you have clearly defined your goals and an internal employee communication plan at the outset. This will make it easier to promote your plan and most importantly, to make it successful. A TFSA or RRSP option can also help boost uptake, by offering maximum tax benefits to your employees. Contact your existing or potential plan administrator to ensure they offer these options.

How employee share plans can benefit your company

An ESPP can be a valuable addition to your employees' compensation package and offers many advantages for both you and your employees. By enabling employees to purchase shares or units of the company they work for through regular payroll deductions, perhaps supplemented by a current or delayed company match, employees become part owners of the company and are more invested in the performance and success of the business.

In 2014, Computershare, in partnership with researchers at the London School of Economics (LSE) and the University of Toronto (U of T), undertook survey research to understand how its own employees regarded share ownership. The comprehensive survey measured and evaluated the perceptions and behaviours of Computershare's Canadian employees, whether or not they were participants in our ESPP.

Plan membership is associated with a happier and more loyal workforce, more motivated employees and, as a valued benefit, enables companies to attract and retain talent. For example, employees who enrol in an ESPP have fewer unplanned absences, do more overtime and are less likely to be looking for another job.

You can read the entire Canadian report at computershare.com/LSEreport or view our infographic at computershare.com/LSEinfographic.

Computershare is the largest employee share plan administrator and trustee in Canada, with over 35 years of global experience. Computershare offers an array of plan options and works as a virtual extension of your company, aligning our employee share plan solutions with your corporate processes and culture. For more information on employee share plans and other equity awards offerings, please contact us at **1 866 889 2877** or visit us at computershare.com.

