



ARE BROAD-BASED EMPLOYEE SHARE PLANS STILL FIT FOR PURPOSE?

Seventh Esop Centre Members' Webclave

Tuesday, 12 July 2022, 11:00-12:00



INTRODUCTIONS

Michael Mainelli
Executive Chairman
Z/Yen Group



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Today's Agenda



11:00 - Introduction

11:02 - Stuart Bailey, Associate Director, Computershare & Jennifer Rudman, Industry Director, EQ set out the issues affecting broad-based share plans today.

11:25 - split into discussion groups

11:55 - re-convene for closing remarks

Are Broad-based Employee Share Plans Still Fit For Purpose?



Jennifer Rudman

Industry Director

Equiniti

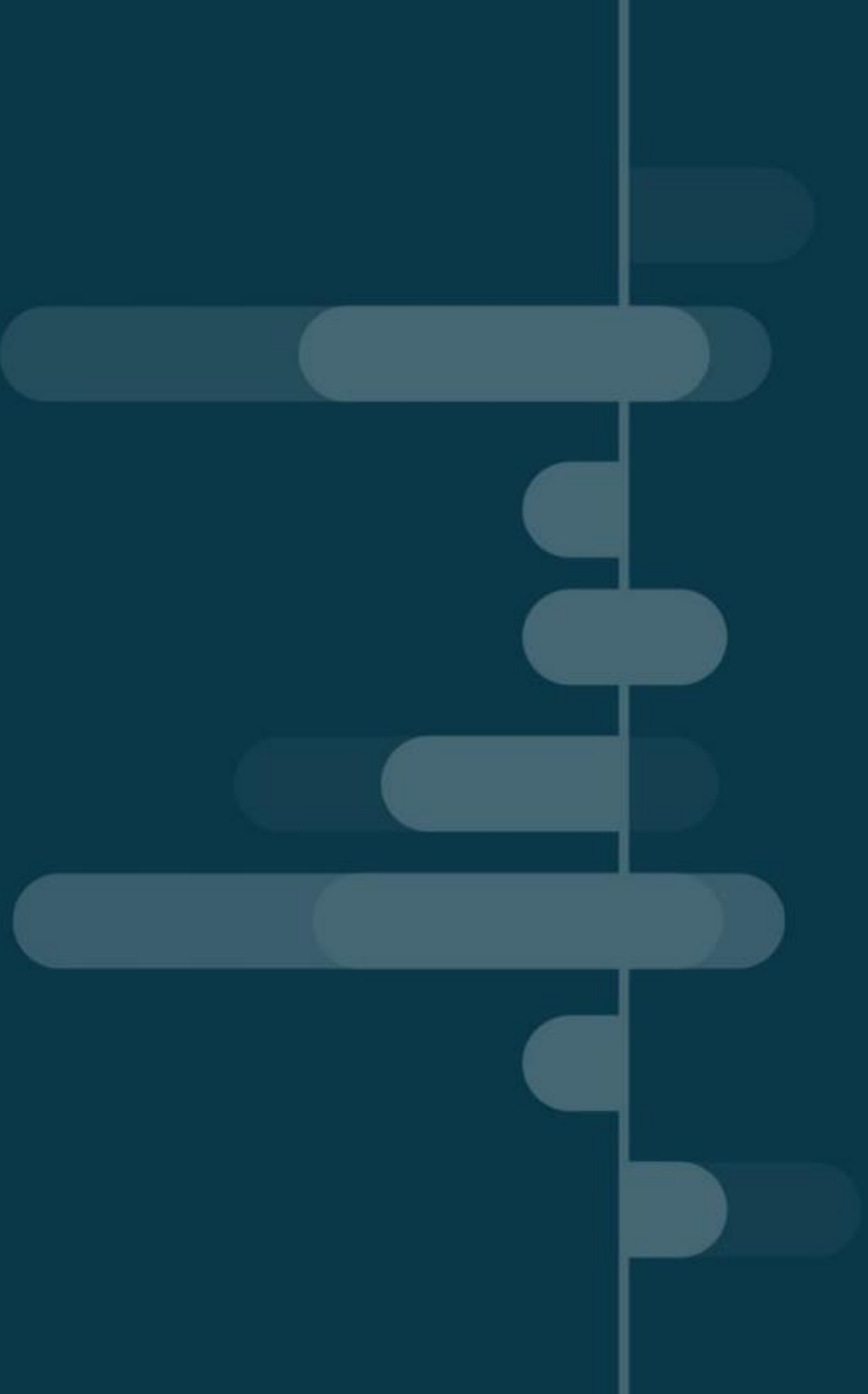


Stuart Bailey

Associate Director

Computershare





ESOP Centre Members' webclave

Broad-based employee share plans: are they
still fit for purpose?

EQ's Jennifer Rudman and
Computershare's Stuart Bailey lead discussions

12 July 2022

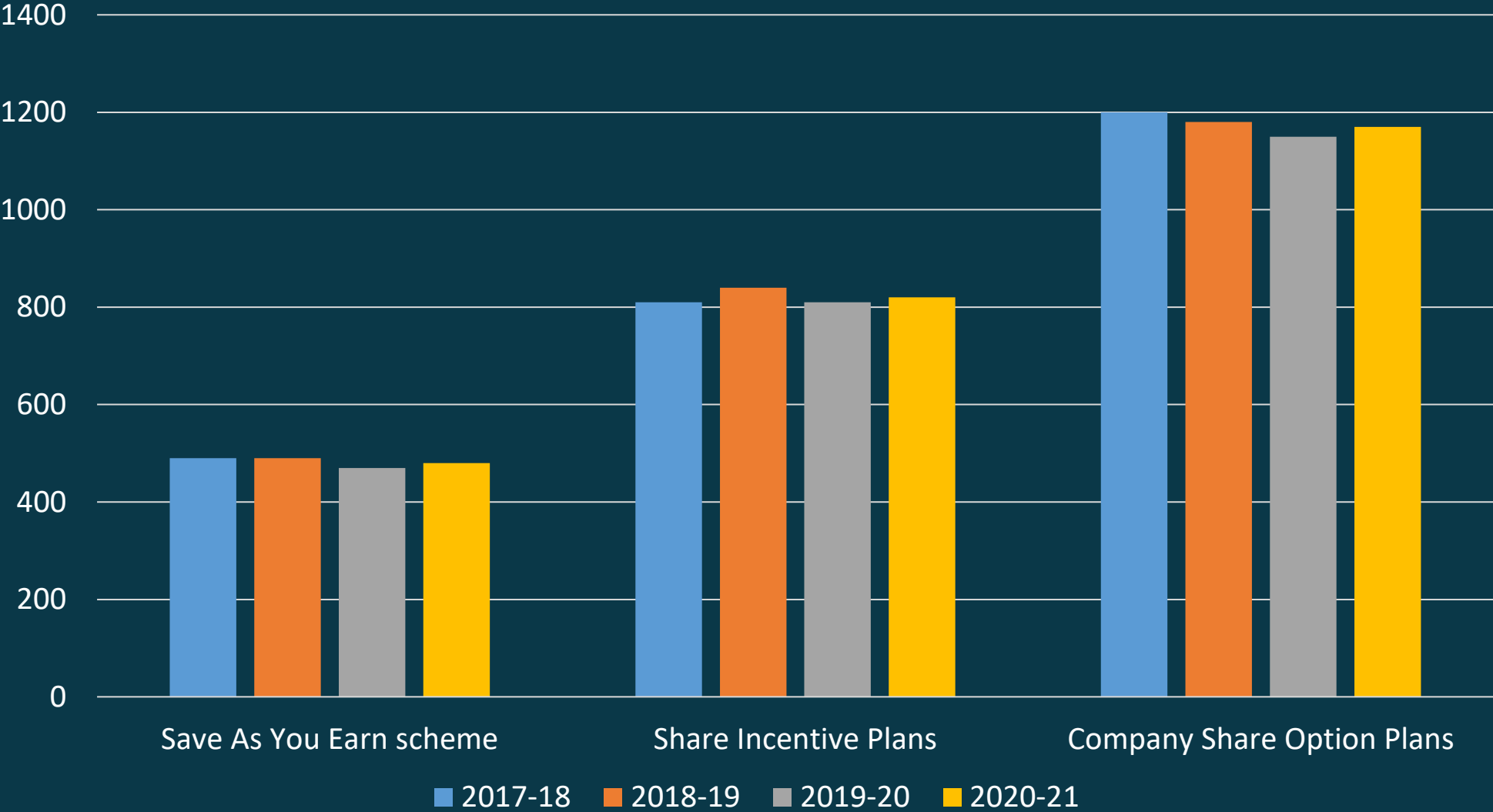
Contents

Let's get the
conversation started

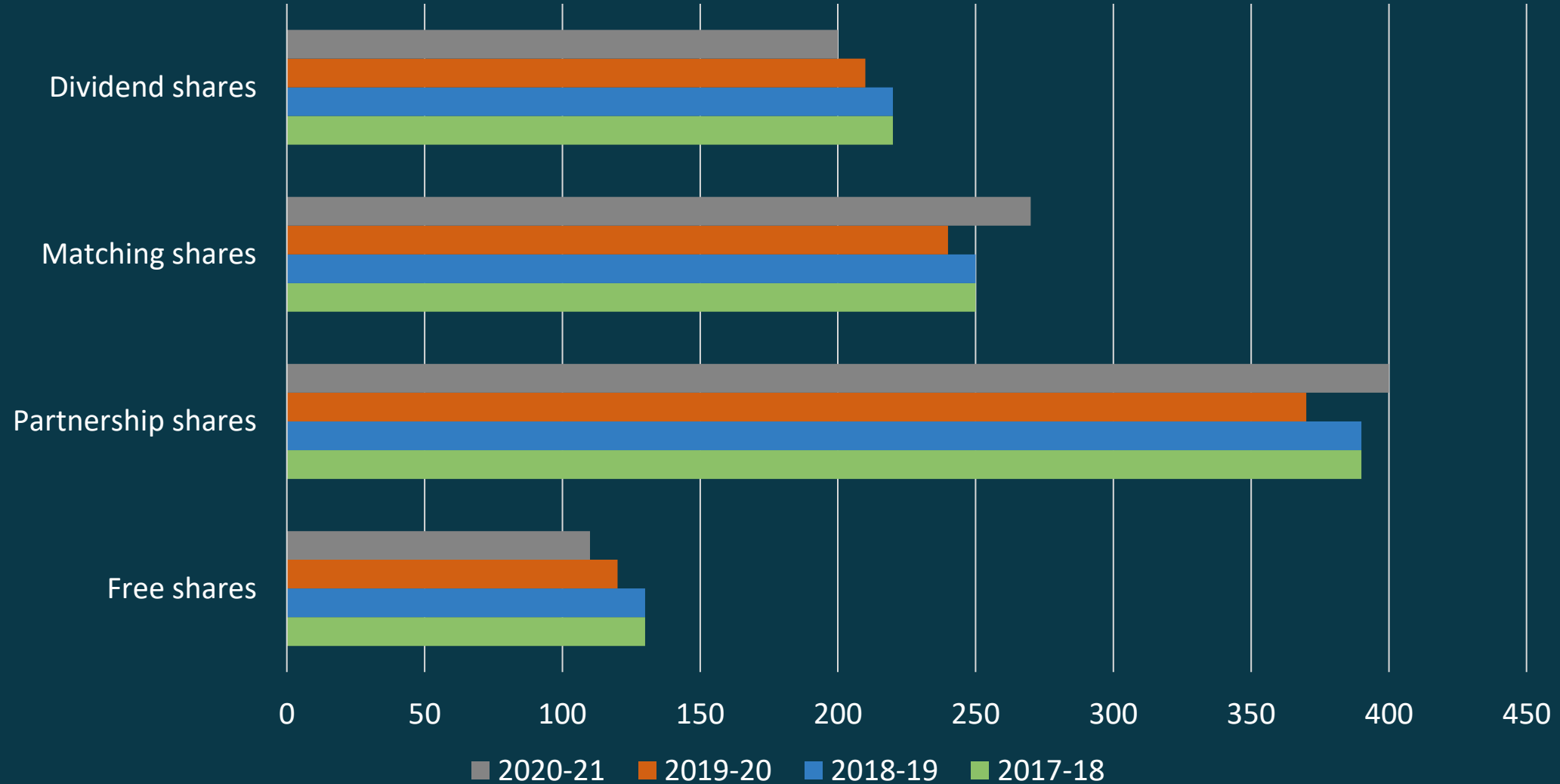
This time we will cover

1. Statistics
2. Market impacts
3. SIP suggestions for change
4. SAYE bonus rate mechanism
5. SAYE suggestions for change
6. Poll question
7. Discussion

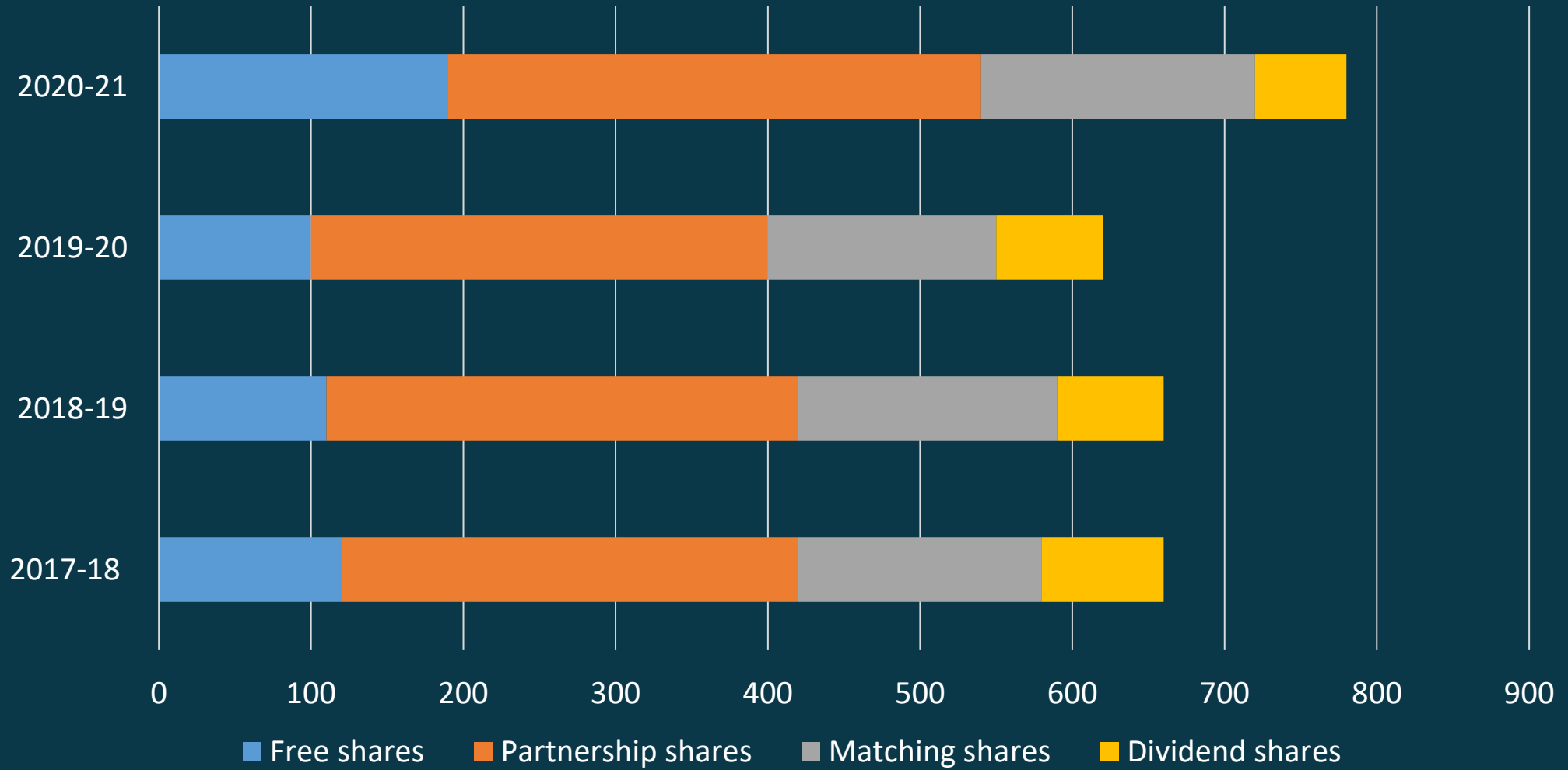
HMRC Statistics June 2022 – Number of plans



HMRC Statistics June 2022 - SIP Plans



SIP - Initial value of shares (£ million)



Save As You Earn Share Option Schemes

Year	Number of companies where employees granted options (Companies)	Number of employees that were granted options (thousands)	Initial share value of the in year granted options (£ million)	Initial share value per employee of the in year granted options (£)	Number of employees that exercised options (thousands)	Value of total gain on exercised options (£ million)
2017-18	300	340	1,770	5,170	120	350
2018-19	290	310	1,630	5,220	110	420
2019-20	260	310	1,820	5,910	110	350
2020-21	260	380	2,590	6,720	80	210

Share Plans

Market Changes - Economy



Share Plans

Market Changes

Changing Employment Practices

THE GREAT RESIGNATION

Are you ready to **join the movement?**



73%
of workers want
remote work to stay



54%
are tired of feeling
BURNT OUT



39%
want to be their
authentic selves at work

40%
of the
global workforce
is ready to
QUIT

*Figures shown are from the 2021
Microsoft Work Index

**Industries feeling it
the most**



• Retail



• Hospitality



• Leisure & travel



• Manufacturing



• Technology



• Healthcare

Share Plans

Market Changes



Administration

- YBS
- Irish savings carriers



HMRC reviews

- EMI
- CSOP



Use of non-tax approved plans

- Stock purchase plans
- Options

Share Incentive Plan

Suggestions for change



Tax-free period

Reduce the tax-free period from five years to three years



Good leavers

Extend 'good' leaver provisions by providing companies with flexibility to choose whether to extend good leaver benefits to employees who resign e.g. after 12 or 24 months



Eligible workers

Review legislation to enable more workers to be eligible

Save As You Earn

SAYE Bonus Rate

Mechanism Review



On 16 June 2022, HMRC published [Employment Related Securities Bulletin 43 \(June 2022\)](#) announcing a review into the SAYE bonus rate mechanism.



Calculations to determine whether bonus and interest rates are applied to SAYE contracts have been made using a bonus rate mechanism, referenced in the SAYE prospectus. These rates are fixed at the start of the contract and the rates have been set at 0% since December 2014.



HMRC are undertaking a review to consider whether the current mechanism needs to change and be simplified. Whilst HMRC undertake this review, bonus and interest rates are being held at 0% and a new prospectus came into effect on 30 June 2022.



HRC will provide an update before the end of the summer and, in the meantime, SAYE launch documentation will include the new June 2022 prospectus.

Save As You Earn

Suggestions for change

Look-back

Set the option price at launch and set the maximum number of shares under option – and then just prior to the scheme's maturity reset the option price if it's underwater

Auto enrolment

Employees automatically enrolled into scheme with companies paying first e.g. £10 per month, with employees choosing to contribute further up to the maximum

Good leavers

Extend 'good' leaver provisions by providing companies with flexibility to choose whether to extend good leaver benefits to employees who resign e.g. after 12 or 24 months

Eligible workers

Review legislation to enable more workers to be eligible

Poll question

What do you think

Broad-based employee share plans: are they still fit for purpose?

1. No, they need some radical changes
2. Yes, though some changes would be great
3. Yes, they are still fit for purpose



Are Broad-Based Share Plans Still Fit For Purpose?



11:25-11:55 - Discussion Groups

**Are Broad-based Employee
Share Plans Still Fit For
Purpose?**

with Stuart Bailey

**Are Broad-based Employee
Share Plans Still Fit For
Purpose?**

with Jennifer Rudman

Thank you for your contributions to today's debate.

The Esop Centre set up this webclave with the aim of ascertaining the group zeitgeist from community discussion.



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Thank You



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We would really like to know what you thought of today's event.

Please send comments and questions to Juliet at juliet_wigzell@zyen.com or call the Centre on +44 (0)20 7562 0586

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