

# 2020 Equity Compensation Participant Survey

October 2020

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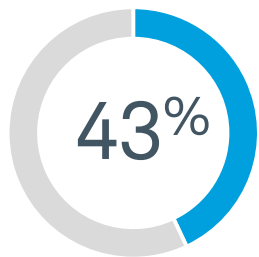
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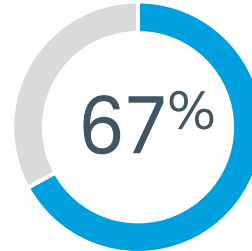
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# For many, the pandemic drove recent decisions about exercising or selling equity compensation

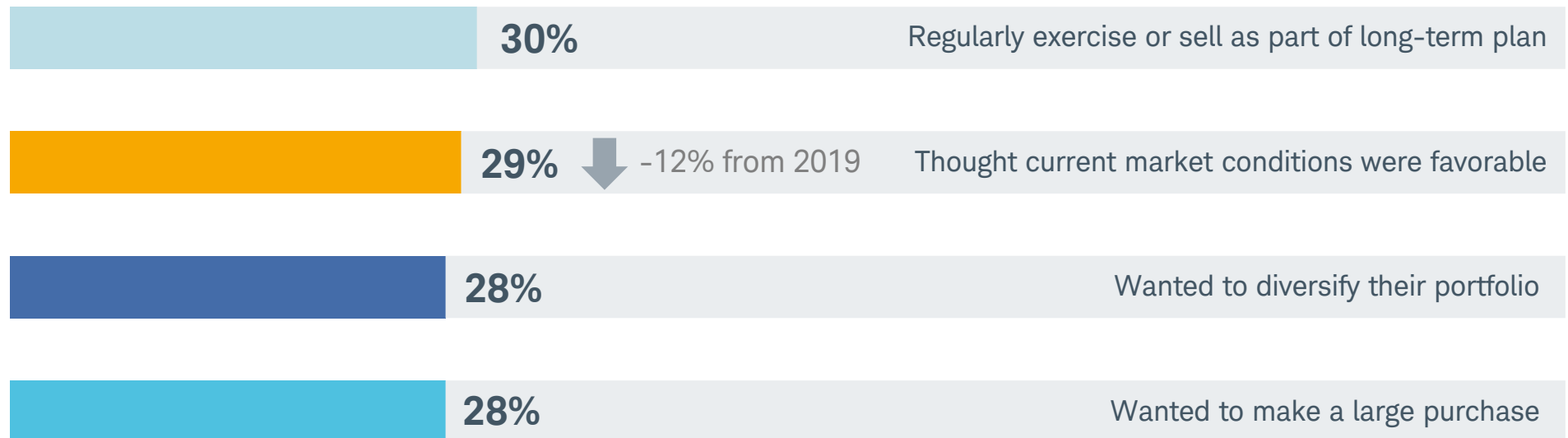


have exercised or sold equity compensation at some point in their career



say the COVID-19 pandemic and related market volatility and economic downturn influenced their decision to do so recently

## Other recent reasons for exercising or selling equity compensation:



Q: Have you ever exercised or sold any of your equity compensation or ESPP? (Base: Total = 1,000)

Q: Which of the following best describe why you chose to exercise or sell any of your equity compensation or ESPP most recently? (Base: Ever exercised or sold equity comp or ESPP = 425)

# Millennials are more likely than other generations to have exercised or sold equity compensation due to the pandemic or financial stress

**43%**

Of equity plan participants have exercised or sold equity compensation or employee stock purchase plan (ESPP)



**67%**

COVID-19 pandemic influenced decision to exercise or sell equity compensation



**19%**

Exercised or sold equity compensation because of financial stress



**55%**

Millennials have exercised or sold equity compensation or ESPP



**95%**

Millennials



**27%**

Millennials



**36%**

Older generations have exercised or sold equity compensation or ESPP



**44%**

Older gens



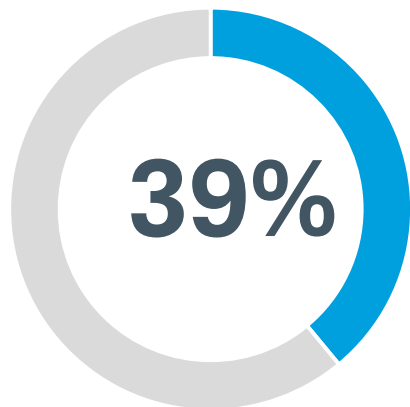
**13%**

Older gens

Q: Have you ever exercised or sold any of your equity compensation or ESPP? (Base: Total = 1,000)

Q: Which of the following best describe why you chose to exercise or sell any of your equity compensation or ESPP most recently? (Base: Ever exercised or sold equity comp or ESPP = 425)

# Nearly two in five employees say they are more likely to need financial advice due to the pandemic



More likely to need financial advice due to COVID-19 pandemic

## Top five areas employees need help and advice:



**32%**  
Retirement planning



**28%**  
Investing advice



**25%**  
Tax advice



**22%**  
Developing financial plan

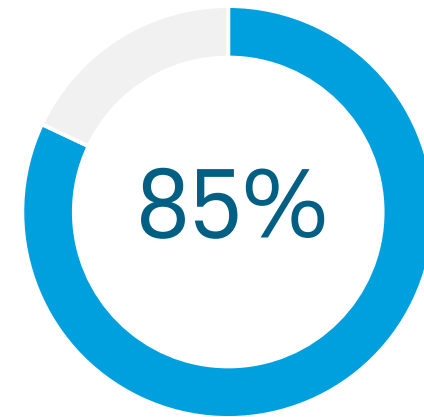
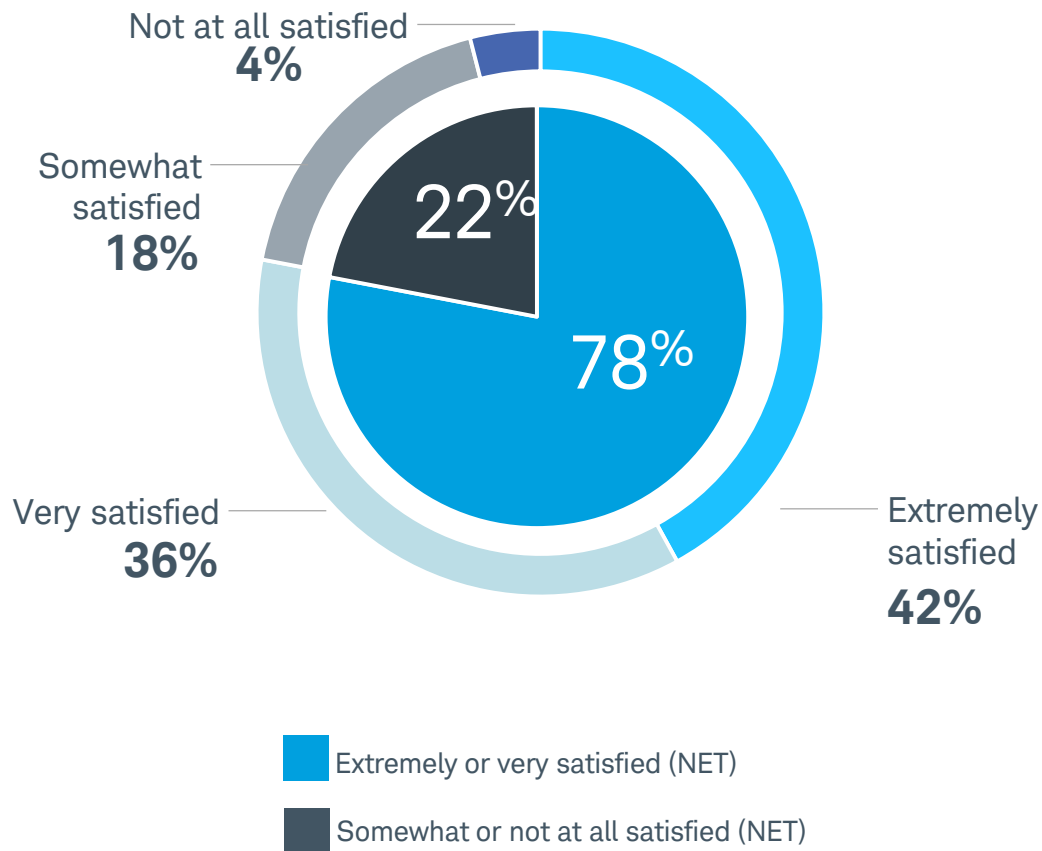


**22%**  
Balancing equity comp with investments

Q: Because of the impact of COVID-19, which of the following areas do you feel you currently need advice on? (Base: Total = 1,000)

Q: For the next few questions, please think about how your behaviors have changed, if at all, due to the impact of COVID-19. Are you more or less likely to... (Base: Total = 1,000)

# Most employees are satisfied with their employers' communications regarding equity compensation plans during the pandemic, but want more education overall

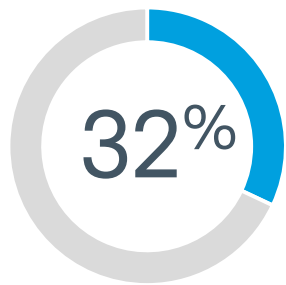


Employees would like their employer to provide more education to help them understand their equity compensation and employee stock purchase plan (ESPP) programs

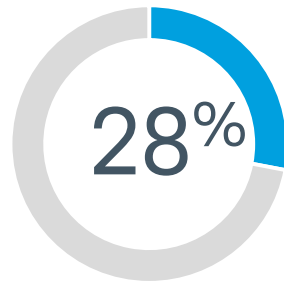
# Most employees aren't sure how specific equity compensation types fit into their portfolio

Percentage of employees who know how each compensation type fits into their total investment portfolio:

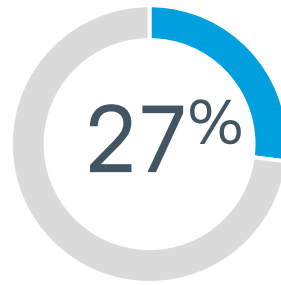
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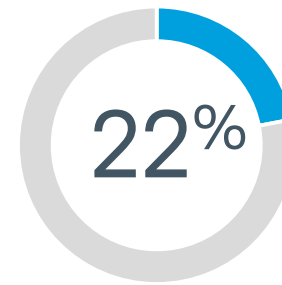
Employee stock purchase plans (ESPPs)



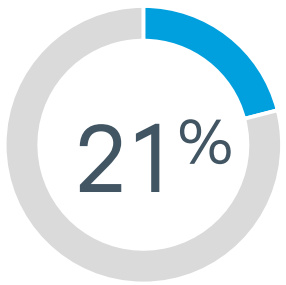
Restricted stock units (RSUs)



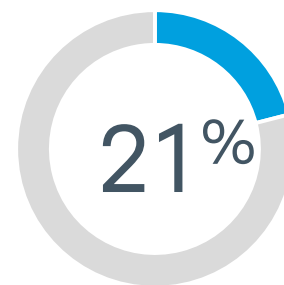
Performance shares



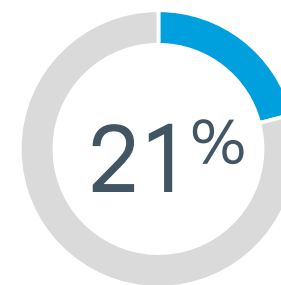
Restricted stock awards (RSAs)



Non-qualified stock options (NSOs)



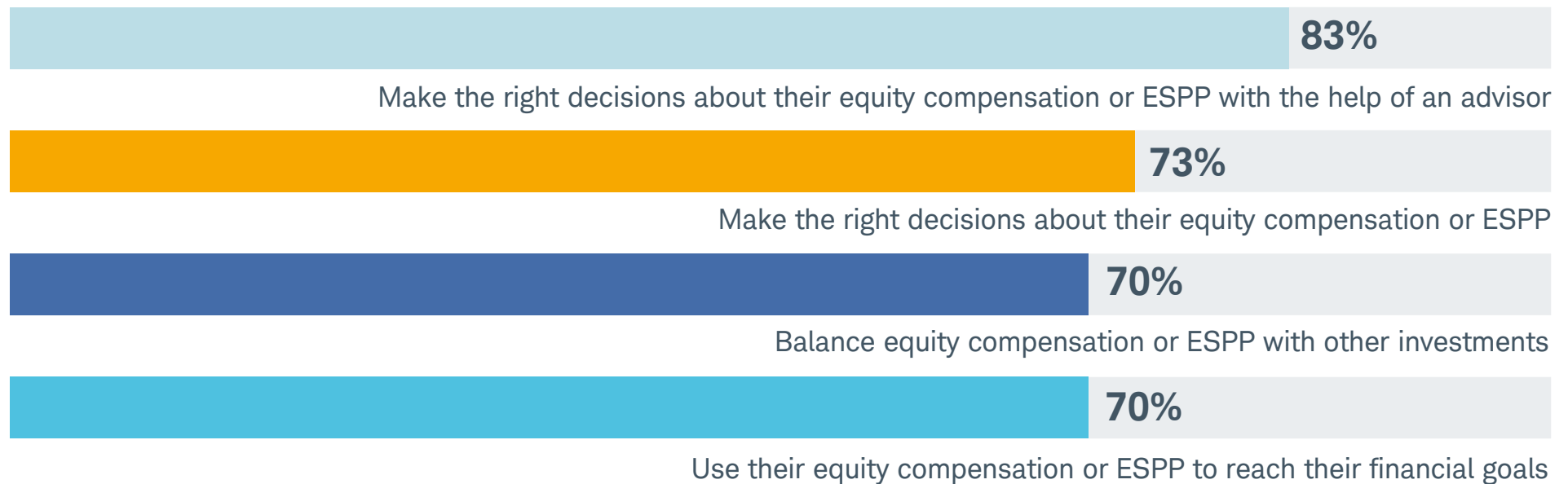
Stock appreciation rights (SARs)



Incentive stock options (ISOs)

# Employees' confidence in their ability to make decisions about equity compensation increases with the help of an advisor

Extremely or very confident in their ability to:



# Equity compensation is seen as important by more than three-quarters of employees

**77%** equity compensation is an essential/very important benefit

**1**

**48%** Helps employees significantly build their wealth

**2**

**46%** Allows employees to participate in the growth of their employer

**3**

**44%** Means the success of the company will play an important part in employee success

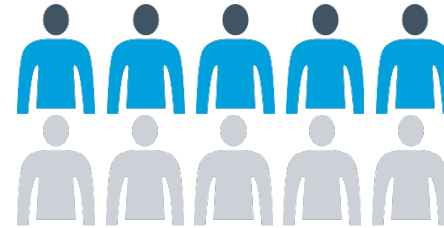


# Equity compensation is an increasingly important factor in employment decisions, especially among Millennials



Consider equity compensation to be the **main reason or one of the main reasons** they took their job

**28%** (2019) → **37%**↑ (2020)

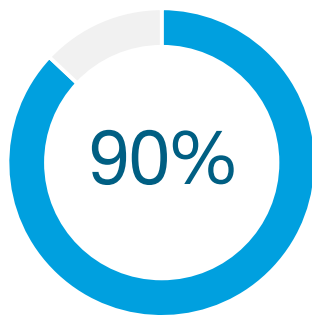


**5 in 10** Millennials say that equity compensation was the **main reason/one of the main reasons** they took their job

**46%** (2019) → **53%**↑ (2020)

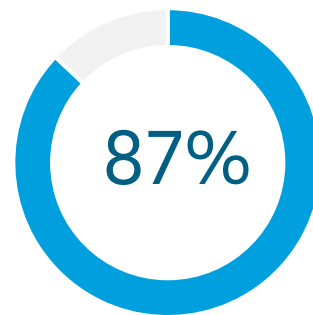
# Majority of employees would prefer to work for a public company with an equity compensation program and to choose the type of equity award they receive

↑ +3% from 2019

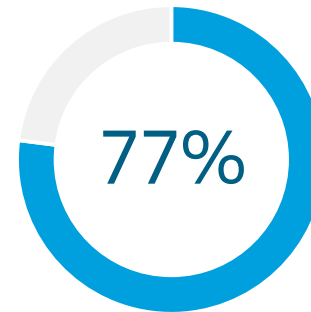


Employees would choose to work for an established public company with an equity compensation program if they have a choice

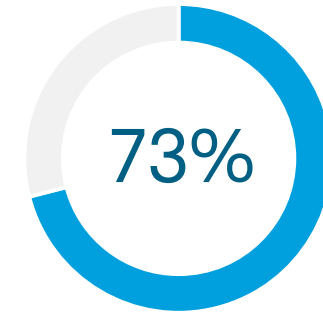
↑ +8% from 2019



Employees say it's important to be able to choose the type of equity awards they receive in a company

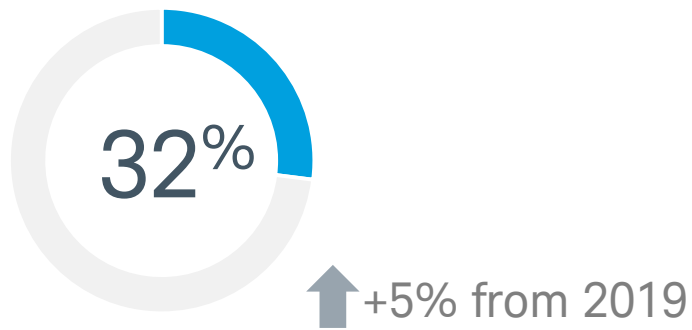


Employees are confident in their ability to negotiate for the company equity they want

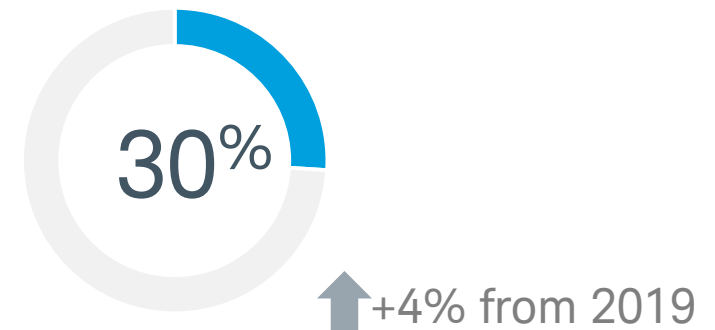
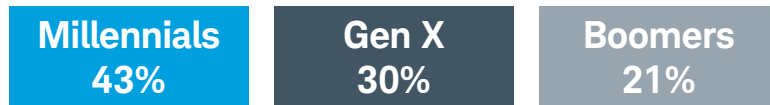


Employees would choose to work for a pre-IPO company if they have a choice

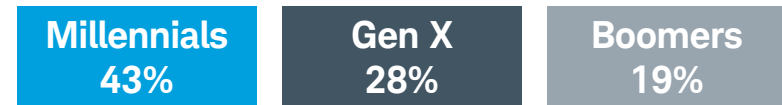
# On average, equity compensation makes up more than 30% of employees' net worth



Average overall net worth made up of equity compensation



Average percent of investment portfolio made up of company stock



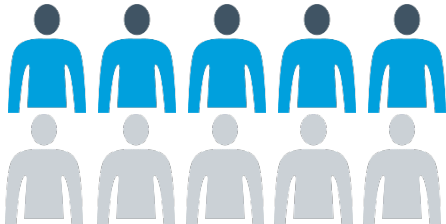
# Employees are, on average, 58% vested in their equity compensation



## Average percent of total value that is vested:



# Half of all employees say they primarily plan to use their equity compensation for retirement



5 in 10 will use equity compensation to help finance retirement



9%

to pay off debt



8%

to finance children's education



8%

to finance lifestyle in short term



7%

for short-term emergencies



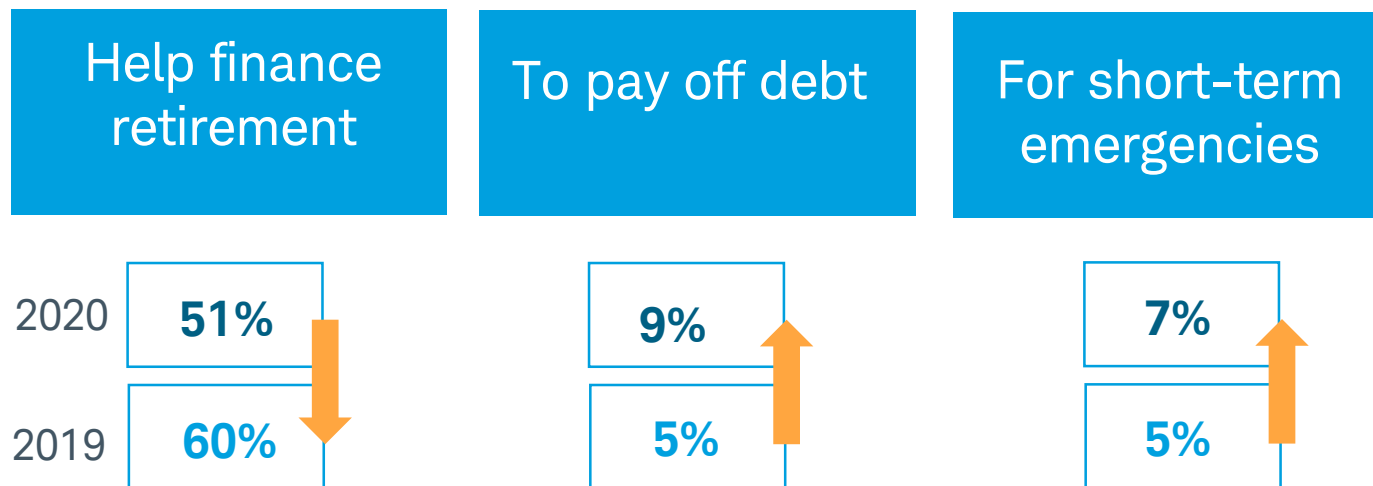
6%

to buy a home

# Slight uptick in use of equity compensation for short-term versus long-term goals

How employees think of equity compensation relative to financial goals:

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# Methodology

The Equity Compensation Participant Survey is an online study conducted for Schwab Stock Plan Services by Logica Research.

Logica Research is neither affiliated with, nor employed by, Schwab Stock Plan Services

The sampling error is +/- 3 percentage points at the 95% confidence level assuming random distribution

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The study was conducted online from July 26 through August 6, 2020

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1,000 equity compensation participants completed the survey:

- Ages 18-75
- Work for companies that offer equity compensation plans
- Currently participating in equity compensation plan

Survey respondents were not asked to indicate whether they had equity compensation accounts with Schwab Stock Plan Services.

The typical (median) survey length was 12 minutes.

# Disclosures

## **Brokerage Products: Not FDIC-Insured · No Bank Guarantee · May Lose Value**

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