



# FRACTIONAL SHARES AND THE ESPP

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 **Computershare**

The function of human resources has evolved; more than ever it is about developing and executing on a talent strategy that drives your long-term business goals.

Your company needs a winning plan for talent and the competition is fierce. You need a way to develop lasting programs that attracts talent and empowers them to experience the value of working at your company now and in the future.

And these days that means offering more than competitive pay, medical plans and a 401(k) or pension plan.

**What if you could offer a benefit that not only supported your talent acquisition and retention strategy, but could possibly make employees work better?**

Offering an ESPP your employees will want to participate in can have a profound impact on their lives and provide you with the ability to attract loyal employees, competing for the best and brightest talent.

Employees who own shares in your company are truly invested. Their job has become more than just a pay check. They are out for the success of your company because they now own a piece of the pie. According to a recent study, compared to non-participants, employees who participate in an employee stock purchase plan:



Are absent less frequent



Work longer hours



Are less likely to quit



Are more likely to recommend working at the company

But there's just one problem...

**44% of employees believe they cannot afford it**

# Fractional share purchases for the ESPP

What if you could offer an employee stock purchase plan that allowed any eligible employee to become an owner no matter how little they contribute?

Consider:

Parameters	Full Share Purchases	Full and Fractional Share Purchases
<p><b>Stock Price = \$1,800</b></p> <p><b>6-month offering period</b></p> <p><b>Bi-weekly pay period</b></p> <p><b>\$10/paycheck contribution</b> &gt; \$120/offering period</p> <p><b>Dividend</b> &gt; Yes</p> <p><b>Dividend reinvestment option</b> &gt; Yes</p>	<p><b>Number of shares purchased</b> &gt; 0 shares &gt; Would take 7.5 years to accrue enough to buy just 1 share</p> <p><b>Payout on next dividend</b> &gt; None</p> <p><b>Dividend reinvestment</b> &gt; Complicated &gt; Split between whole shares and cash payment</p>	<p><b>Number of shares purchased</b> &gt; .066667 shares &gt; Immediate benefit and ownership</p> <p><b>Payout on next dividend</b> &gt; Yes!</p> <p><b>Dividend reinvestment</b> &gt; Entire dividend converted into shares</p>

With a fractional share program your plan immediately becomes more accessible to all employees. Employees will have the ability to contribute what they can afford and will see actual ownership in their accounts from day one.

## Allowing fractional share purchases changes the equation on your ESPP.

All the benefits for offering an ESPP remain the same; they just become that much more powerful because suddenly, the #1 barrier to participation is lifted.



Your ESPP Needs



Your Fractional Solutions

Make employee ownership affordable	▶	No matter how little employees contribute, they can become owners on the very next purchase date.
Provide the full value of benefits to employees	▶	Every dollar contributed to the ESPP is immediately used to purchase shares.
Support your talent strategy	▶	The more employees participate in your ESPP, the more invested they are in the company.
Support diversity and inclusion efforts	▶	Fractional shares make your ESPP a more inclusive benefit as it becomes accessible to all employees.
Eliminate administrative burdens	▶	No need to track and reconcile the issuance of refunds or the carryover of unused funds.



# Easy to implement

The difference between setting up an ESPP with full-share purchases only vs. full- and fractional share purchases is...

**ONE sentence in your plan documentation**

Whether you want to change your existing ESPP or launch a new one, Computershare provides you the support and resources you need, when you need it, to get it done.



## Design your ESPP

Help from our experts who will show you the best design to maximize participation (including offering fractional share purchases).



## Onboard with a vendor set up to handle fractional shares

Support from experts who have on boarded 400 plans for nearly 2 million participants. You could be up and running in as few as 8 weeks.



## Get board and shareholder approval

Presentation materials and talking points on the benefit of offering an ESPP and how fractional share purchases makes it affordable to everyone no matter the stock price.



## Communicate the new plan to your employees

The choice of several templates to quickly set up and launch a communication campaign, or a completely customized campaign to educate employees on your new ESPP and its value.

**Fractional share purchases let employees become shareholders and owners in the company right away, no matter what they contribute.**

**Ready to get started? Go to [computershare.com/fractionalshares](https://computershare.com/fractionalshares) to request a meeting with one of our employee equity plan experts.**



Computershare is a global market leader in transfer agency, employee equity plans, proxy solicitation, stakeholder communications and other diversified financial and governance services. Many of the world's leading organizations use Computershare's services to help maximize the value of relationships with their investors, employees, creditors, members and customers.

To learn more about how we can help with your employee equity plans contact us at 888 404 6333 or visit [www.computershare.com/employeeplans](http://www.computershare.com/employeeplans)