

NOVEMBER 2024



# BEST PRACTICES FOR IMPLEMENTING SHARE BASED PAYMENTS

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# INTRODUCTION

Implementing share-based benefits requires careful planning and execution to ensure their effectiveness and alignment with organizational goals. Here are some best practices to consider when implementing share-based benefits for employees:

**01**

Establishing Clear Goals and Objectives

**02**

Designing Fair and Equitable Plans

**03**

Ensuring Transparency and Regular Communication

**04**

Implementing Effective Employee Education and Training Programs

**05**

Evaluating and Revising the Plan Periodically

# ESTABLISHING CLEAR GOALS AND OBJECTIVES

Before implementing share-based benefits, it is essential to establish clear goals and objectives. Define the specific outcomes you hope to achieve through these benefits. Are you aiming to increase employee engagement, retention, or alignment with company goals? Identifying these goals will help guide the design and implementation of the share-based benefits program.

Consider conducting a comprehensive analysis of your organization's needs and aligning the benefits with your overall compensation strategy. This analysis should take into account factors such as industry benchmarks, employee preferences, and the company's financial capability to sustain the program.





# DESIGNING FAIR AND EQUITABLE PLANS

Fairness and equity are crucial when designing share-based benefits. Ensure that the benefits are accessible to a broad range of employees and that the eligibility criteria are clear and transparent. Avoid creating a perception of favoritism or exclusivity by providing equal opportunities for all eligible employees.

Consider establishing vesting schedules that reward loyalty and long-term commitment. This can help incentivize employees to stay with the company and contribute to its long-term success. Additionally, consider incorporating performance-based criteria to reward high-performing employees and align their interests with the company's goals.

Collaborate with HR professionals, compensation consultants, and legal advisors to design a share-based benefit program that is fair, equitable, and compliant with relevant regulations.

# ENSURING TRANSPARENCY AND REGULAR COMMUNICATION

Transparency and regular communication are vital to the success of share-based benefits programs. Employees need to understand the details of the program, including eligibility, vesting schedules, tax implications, and any associated risks. Provide clear and concise information through various channels, such as employee handbooks, intranet portals, and regular company-wide communications.

Offer opportunities for employees to ask questions and seek clarification about the program. Consider organizing workshops, webinars, or one-on-one sessions to address any concerns or misconceptions. Regularly update employees on the progress of the program, especially during significant events such as grant dates, vesting periods, or changes in the company's stock price.

By fostering transparency and open communication, you can ensure that employees fully understand and appreciate the value of the share-based benefits and their role in the company's success.



# IMPLEMENTING EFFECTIVE EMPLOYEE EDUCATION AND TRAINING PROGRAMS

Employee education and training are essential components of a successful share-based benefits program. Many employees may not be familiar with the intricacies of stock options, ESOPs, or RSUs. Provide comprehensive educational materials that explain the basics of these benefits, including their features, tax implications, and potential financial gains.

Consider partnering with financial advisors or conducting workshops to educate employees about investing, financial planning, and the long-term benefits of participating in the share-based benefits program. Encourage employees to seek professional advice to make informed decisions about their shares.

Regularly update educational materials to reflect any changes in regulations or company policies. By empowering employees with the knowledge to make informed decisions, you can maximize the benefits they derive from the share-based program.

# EVALUATING AND REVISING THE PLAN PERIODICALLY

Share-based benefits programs should be periodically evaluated and revised to ensure their continued effectiveness. Regularly review the program's performance against the established goals and objectives. Assess whether the program is achieving the desired outcomes, such as increased employee engagement, retention, or alignment with company goals.

Collect feedback from employees through surveys or focus groups to gain insights into their experiences and suggestions for improvement. Consider benchmarking your share-based benefits program against industry standards to identify areas for enhancement.

Be open to making necessary adjustments to the program based on the feedback and evaluation results. This may involve modifying eligibility criteria, vesting schedules, or the types of benefits offered. By continuously evaluating and revising the program, you can ensure that it remains relevant and aligned with the evolving needs of your organization and its employees.



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# CONCLUSION

In conclusion, implementing share-based benefits requires careful consideration of various factors, including clear goal setting, fair and equitable design, transparent communication, effective employee education, and regular evaluation and revision. By adopting these best practices, companies can create share-based benefits programs that not only attract and retain top talent but also foster a culture of ownership and alignment with organizational success.





# CONTACT US

For any questions or requirements pertaining to accounting / funding valuations, please feel free to get in touch

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