



NEWS RELEASE

## Fidelity Study: Including Company Stock in Employees' Financial Planning Can Help Them Make Better Decisions and Get More Value Out of Their Stock Awards

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BOSTON--(BUSINESS WIRE)-- According to newly released research<sup>1</sup> from Fidelity Investments, the top four reasons employers should want their employees to include their company stock in their overall financial planning are: 1) They are twice as likely to take proactive steps to manage their stock awards, such as accepting awards, exercising options or selling shares; 2) they are twice as likely to work harder, knowing that the value of their stock plan award may increase as their company's stock price increases; 3) they are three times as likely to feel loyalty to their employer; and 4) they are three times as likely to include the monetary value of stock plan benefits when calculating compensation from their employer.

Fidelity's research was designed to specifically measure the impact of including – or not including – company stock within an employee's financial planning activities.

"Organizations continue to offer company stock awards<sup>2</sup> as a way to attract and retain top talent, as well as to reward top performers," said Mark Haggerty, head of Stock Plan Services at Fidelity Investments. "However, including company stock in financial planning is key to unlocking the real value of these awards -- not only will employees have a greater appreciation of their company stock plan, but they will understand how company stock awards can contribute to their overall financial well-being."

Following are some highlights from the research that illustrate the positive benefits when employees include company stock in their financial planning activities:

- Employees are more likely to proactively manage their company stock awards. Of the employees who include company stock in their overall financial planning, 72% accepted their awards, 52% exercised options and 57% sold shares. Among employees who do not consider equity compensation in their financial planning, only about a third (34%) accepted their award, and only 39% exercised options, and only 25% sold shares.

- Employees are more motivated, have higher morale and are more likely to feel more loyalty to their employer. Employees who include company stock in their financial planning are also twice as likely to work harder than employees who do not and are three times as likely to feel more loyal to their employer. In addition, employees who include company stock in their planning activities are twice as likely to feel their stock award provides a sense of ownership in the company.
- Employees have greater overall financial confidence. More than half (59%) of employees who include equity compensation in overall financial planning feel more confident about their ability to make good decisions when it comes to their company's plan, compared with about a third (34%) of employees who do not include equity compensation in their financial planning. In addition, employees who include stock awards in their financial plan are three times as likely to say they have improved overall financial confidence.
- Employees understand the value of their company stock and consider it as part of their compensation. Of employees who include equity compensation in their financial planning, 61% are likely to value their plan highly and are much more likely to recognize the tangible value of their company stock awards, compared with only 30% of respondents who do not include company stock in their financial planning. In addition, 55% of these respondents include the monetary value of stock plan benefits when calculating their compensation from their employer, versus only 16% of those who don't include it in their financial planning.

### **Key "Trigger" Events that Prompt Employees to Include Company Stock in their Financial Plans**

Fidelity's research identified several events that often trigger employees to include company stock into their financial planning. One of the leading factors is when an employee's company stock award vests – more than half (57%) of employees who include stock awards in their financial plans indicated that this prompts them to include their stock award into their planning activities. Other top factors include setting a specific financial or savings goal (32%) or receiving a new stock award (31%).

"Company stock awards can be a great way to motivate and reward employees, as long as employees understand the best way to manage their awards," added Haggerty. "Employees not only need to understand how their company stock plan works, but how their company stock awards work within their own personal financial picture."

For additional insight on Fidelity's company stock research, please click [here](#) to access Fidelity's "Unlocking Success – For You and Your Employees" insights brief, which includes additional details on how including company stock awards in financial planning can benefit both employees and their employers.

### **About Fidelity Investments**

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$9.9 trillion, including discretionary assets of \$3.8 trillion as of January



31, 2020, we focus on meeting the unique needs of a diverse set of customers: helping more than 35 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 institutions with investment and technology solutions to invest their own clients' money. Privately held for more than 70 years, Fidelity employs more than 47,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit <https://www.fidelity.com/about-fidelity/our-company>.

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1 Results based on a survey of 440 employees at publicly traded companies who have received equity awards within the last two years (RSUs, RSAs, Options, and/or Performance Awards received from a publicly traded U.S. company). Results were fielded June 18th – July 1st, 2020.

2 Based on results from the 2019 Domestic Stock Plan Design Survey that was developed jointly by the National Association of Stock Plan Professionals (NASPP) and Deloitte Consulting LLP (Deloitte Consulting) and administered from January 2019 to April 2019 by Deloitte Consulting using their online survey tool, DeloitteDex. Members of NASPP and Deloitte Consulting clients were invited to participate.

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