

EQUITY COMPENSATION PLANS

MFA offers comprehensive technical advisory for the design and implementation of equity compensation plans. If you have considered an equity compensation plan for your organization, turn to our team of seasoned professionals to guide you through each step of the process. From initial assessment of alternatives and plan design to scenario analysis and employee education, we will help your company create the plan that's right for you.

At MFA, we understand the true intricacies involved in creating an equity compensation plan and know how to navigate each of the complex roadblocks that companies face when deciding the best way to reward their employees.



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

Navigating the Complex Roadblocks Employers Face when Implementing Equity Compensation Programs

Many organizations use equity-based compensation plans as a method to attract, maintain and reward top talent. However, outside of determining the desired incentives, design and creation of these plans can prove to be complex thanks to changes in the regime of the tax code, valuation and accounting requirements.

That's where we come in. At MFA, we understand the intricacies involved in creating an equity compensation plan and know how to navigate each of the complex roadblocks that companies face when deciding the best way to reward their employees.

ALTERNATIVES ASSESSMENT AND PLAN DESIGN

Perhaps the most challenging aspect of selecting an equity compensation plan for your company is being able to first understand what plan types are available (e.g. actual equity vs. phantom equity, current value vs. appreciation only, accruing compensation vs. transaction-based only, etc.). We work with you to distill your desired plan requirements into a logical comparison of options for the type of equity compensation plan that is right for your company.

Part of the process of defining a company's desired equity compensation plan type is exploring the fundamental elements that can turn into roadblocks for the plan such as valuation consequences, IRC § 409A compliance, income tax implications and accounting (GAAP) considerations. At MFA we have an intimate understanding of the potential effects these factors can have on a company. This knowledge allows us to help you select the plan that will reflect your desired incentives, while in turn balancing the requirements of these often complex financial matters.

Upon selection of a plan type, our team moves forward with further design which includes outlining and modeling the economics to show you firsthand how the equity awards might act under varying future scenarios, valuations and payouts. We then work as a liaison with your attorney to ensure that legal documents are prepared in alignment with the economic terms your company has envisioned for the plan.

POTENTIAL ROADBLOCKS



VALUATION

We also design with the end goal in mind. To the extent that a valuation is necessary to help establish base or future values, MFA's in-house **valuation professionals** put into play a rare combination of specialized expertise in the complementary disciplines of compensation, taxation, transactions, auditing and GAAP.

EMPLOYEE EDUCATION

Many employers feel ill-equipped to provide advice on the tax implications and planning opportunities associated with equity awards. In turn, as an organization grows and matures, the employees receiving these awards often remain unaware of the potential concentration risk that they hold in their un-monetized shares of company stock. MFA and the investment professionals at our affiliate **MFA Asset Management** are well equipped to prepare your organization and its employees for a future monetization event. We assist organizations in making informed decisions when it comes time to exercise any vested equity awards and better manage the accompanying tax and wealth implications, today and in the future.

Suite of Equity Compensation Services

- Plan Alternatives Assessment
- Plan Design and Outline
- Quantification of Incentives
- Valuation
- Company and Personal Tax Impacts
- 409A Compliance
- Accounting (GAAP) Considerations
- Sensitivity and Scenario Analysis
- Employee Education

Equity Compensation Plan Types

- Stock Appreciation Rights
- Phantom Equity
- Restricted Stock
- Restricted Profits Interests
- Restricted Capital Interests
- Incentive Stock Options
- Non-Qualified Stock Options
- Non-Qualified Deferred Compensation Plans

