Reward Employees with Monetized Incentives

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

How MFA Can Help

1. **Plan Alternatives Assessment.** Understand the types of plans available based on your requirements and logically compare your options.
2. **Plan Design & Outline.** Build a plan that reflects your desired incentives, while balancing the requirements of complex financial matters.
3. **Analysis of Potential Roadblocks.** Distill the underlying impact associated with your plan of choice to determine the regulatory (409A compliance), accounting (GAAP), and tax (company and personal) implications.
4. **Sensitivity & Scenario Analysis.** Model the economics to demonstrate how equity awards might act under varying future scenarios, valuations and payouts.
5. **Legal Coordination.** Work as a liaison with your attorney to ensure legal documents are prepared in alignment with the economic terms your company has envisioned for the plan.
6. **Valuation.** If necessary, perform a valuation to help establish base or future values for the plan.
7. **Employee Education.** Prepare your organization and its employees for a future monetization event and assist with making informed decisions with regard to exercising any vested equity awards and managing the accompanying tax and wealth implications.
Equity Compensation Plans

What MFA’s Equity Compensation Planning Services Can Do For You

• Attract, retain and reward top talent to your organization beyond traditional employee benefits

• Assess and evaluate what standard and non-standard equity compensation design alternatives are available to match your desired outcomes

• Translate the complexities associated with various plan designs, including implications related to economics, company liquidity and cash flow, valuation, future compliance, administration, taxes and accounting (GAAP) and effectively navigate these roadblocks to achieve company objectives

• With particular regard to taxes, evaluate the underlying implications — for both the company and its employees, as well as certain critical IRC sections impacting these plans such as §409A, §280G, etc. — by leveraging MFA’s in-house tax and compensation specialists

• Run scenario analysis for hypothetical future outcomes to illustrate how different plan designs act under varying circumstances

• Help employees to understand the tax and wealth planning implications of a future monetization event, including the potential concentration risk that they hold in un-monetized shares of company stock

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