

EQUINITI



UK Tax advantaged share plans

part of the British landscape for over 40 years

Phil Ainsley - Director, Employee Services, Equiniti



UK ALL-EMPLOYEE SHARE PLANS

'SIMILAR TERMS' FOR ALL EMPLOYEES

Approved Profit Sharing Scheme (APSS) introduced in 1978

Replaced by **Share Incentive plan (SIP)** in 2000

- Free Shares (up to £3,600 p.a.)
- Partnership (up to £1,800 p.a. from gross salary) & Matching Shares (up to £3,600 p.a.)
- 2018 statistics - 780 companies, 1 million employee participants & £410m annual cost to the Exchequer

Sharesave Introduced in 1980

- Regular monthly savings from net salary linked to a fixed, discounted option to buy shares after 3 or 5 years
- Maximum £500 per month saving (doubled from £250 in 2014)
- 2018 statistics - 510 companies, ¾ million participants & £180m cost to the Exchequer



OTHER UK SHARE PLANS

Enterprise Management Incentives (EMI) introduced in 2000

- Companies with gross assets below £30 million
- Employees can be granted options over shares worth up to £250,000 at date of grant
- Restricted to companies with less than 250 employees
- 2018 statistics – just under 10,000 companies with £280m cost to the Exchequer

The EO Trust - introduced in 2014

- Provides incentives for growth of the employee-ownership sector by increasing the attractiveness of indirect employee ownership structures for businesses.
- Attractions for some smaller companies where retirement &/or succession planning considered for transitioning individual/family ownership to employees.
- Relatively slow adoption since introduction and still a long way off levels seen in the USA



EMPLOYEE SHARE PLAN MOTIVATIONS

- Recruitment & retention
- Alignment of stakeholder interest
- Employee engagement
- Wider wealth creation & gain sharing
- Latest UK corporate governance code
 - promotes 'the employee voice' in the boardroom
- Increased financial awareness & wellbeing

