

# Unlock the value of your ESPP

Take advantage of your benefit by learning **how your Employee Stock Purchase Plan works**

## What is an ESPP?

An Employee Stock Purchase Plan, or ESPP, is an optional program offered as a convenient way to buy your company's stock through automatic payroll deductions.

If you are eligible for, yet unfamiliar with your company's ESPP, it might be worth taking a second look at this valuable benefit.

The potential advantages your ESPP can provide include:



### Success sharing

By owning company stock, you can enjoy the **rewards of all your hard work**.



### Potential discount

Some plans offer employees a discount on the share price, meaning participants start with an **automatic financial boost**.



### Investing with purpose

Small amounts can add up quickly with your ESPP, and investing in your company's stock could help **increase your wealth over time**.



### Flexibility

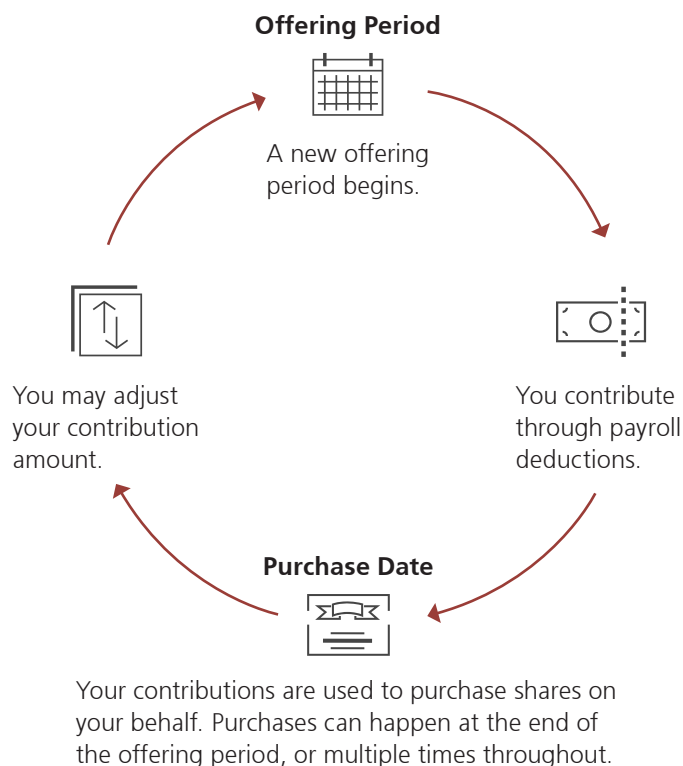
If your personal circumstances change, you may **adjust your contributions** or withdraw from the plan.

## Getting started

To participate, you first have to enroll. Here are some things to keep in mind:

- Enrollment only occurs during certain periods of time.
- You choose how much you contribute.
- Your company specifies whether you contribute a dollar amount or a percentage of your pay.
- Contributions are withheld after taxes, meaning a contribution of \$100 reduces your take-home pay by \$100.
- Check your plan documentation for details, such as whether your contributions are subject to certain minimums or maximums.

Here's what will happen after you enroll:



## Purchasing shares

The number of shares your plan will purchase will be equal to:

$$\frac{\text{Total contributions}}{\text{Purchase price}}$$



If your plan offers a discount, you would pay a reduced price, increasing the total number of shares you can buy. Any extra money that isn't enough to pay for a full share is generally refunded through your payroll or rolled over into the next offering period.

Your ESPP includes a valuable feature called a “lookback.” This means your plan will compare prices from the first and last day of the offering period and select whichever is lower for your purchase price.

Offering you the lower of those two prices can boost the value of your benefit.

## Putting your company stock to work

What you do with your company's shares depends on your personal needs and goals. You have three main choices:

- **Keep:** You may want to hold onto your company's shares if you don't have a specific plan for how you want to use the proceeds or if you think the stock may appreciate.
- **Invest:** When planning for long-term financial goals, such as retirement or college, it may make sense to incorporate your stock into your financial plan.
- **Sell:** Perhaps you have an immediate need for the funds, such as a down payment on a home or managing your debt. In that case, you may want to sell your company's shares and use the cash.

Remember that trading shares creates tax implications. Your tax rate varies by your country, location and income. Be sure to consult your tax advisor to learn more.

## Insider trading: Know the rules



Violations of insider trading laws can result in significant penalties, so it's important to understand and follow these rules. Your company's insider trading policy may also restrict you from exercising or trading shares at certain times.

Now that you've learned the basics about your ESPP, take the next step by exploring more of the UBS resources available to you. The more you know, the more confident you can feel that you're getting the most from your benefit.

## Key takeaways

- An ESPP is an often overlooked benefit that conveniently allows you to purchase company shares. If you're eligible, but not participating yet, it may be worth a second look.
- After enrolling, your contributions accumulate automatically through payroll deductions.
- The plan purchases shares on your behalf using the lower of the share price at the beginning or at the end of the offering period.
- Depending on your personal needs and goals, it may make sense to keep, invest or sell your company shares.
- An ESPP can help you pursue your long-term goals while participating in your company's success.
- You can find all the details of the particular terms of your ESPP in your plan documentation.

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