

Employee Stock Purchase Plan Management

THE CHALLENGE

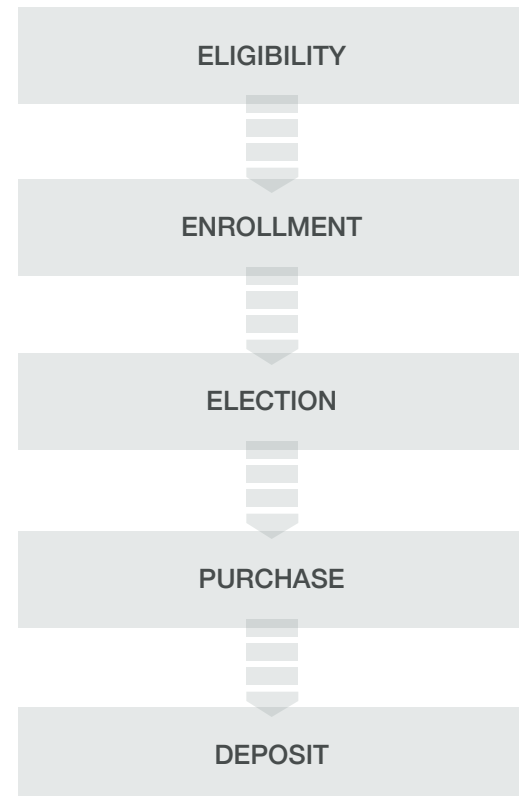
From managing eligibility to processing purchases, employee stock purchase plans carry significant administrative and accounting burdens. Effective communication with participants, payroll and your broker is paramount. Proper records must be kept and files need to be coordinated with payroll for tax reporting. Dispositions must be identified and handled properly. You need tools to track activity and ensure compliance requirements are met.

THE SOLUTION

You need a flexible ESPP management solution to help you manage the administrative and accounting details specified in your plan. Tools that enable participants to enroll, review plan documents and make payroll election changes are essential. You also need a document library to facilitate online access of plan and offering documents. To keep track of dispositions, you need an easy way to survey participants. You also need a robust set of administrative and accounting reports to help you stay on top of enrollment, contributions, transactions, tax and IRS reporting requirements.

HOW CERTENT DOES IT

Certent provides a comprehensive ESPP solution and participant portal that makes it easier to administer your ESPP, no matter how it's designed. We simplify the process for giving employees access to the portal using company-specified information for automatic authentication and the immediate provisioning of login and passwords. We also provide all the reports you need to effectively communicate with your payroll department, broker and transfer agent. We provide ample choice when it comes to grant dates, price definition and purchase periods. With our ESPP solution, compliance is built in and reflected throughout the platform.





Flexibility That Supports Your Plan Design

ESPP plan designs can vary significantly. You need flexibility when setting up offering periods, purchase periods and fair market value price definitions. That's just for starters. Certent delivers flexibility everywhere you need it!

- Unlimited offering periods
- Multiple purchase periods within an offering period
- Choice of four grant date definitions: Beginning of the offering period, Beginning of the purchase period, Enrollment date, or Purchase Date
- Choice of fair market value price definitions: (Basis/ Price Day/Exchange Closed Rule)
- Choice of purchase price basis: Look-back to lower of grant date or purchase date FMV, Beginning of offering period FMV, or Purchase date FMV
- Support for liability accounting when purchase price basis is Purchase date FMV
- Contribution handling upon termination can be set for refund or purchase
- Mid-cycle elections to increase or decrease contribution, suspend, or withdraw with separate limits to the number of changes for increases and decreases
- \$25K limit calculation for offering periods that cross calendar years
- Choice of post purchase contribution residual handling for fractional share and over-limit amounts. Refund or carry forward to next purchase can be selected independently for fractional share and over-limit amounts
- Share and cash contribution limits can be set for the plan and offering periods

Simplified Enrollment, Communication and Purchases

Your stock plan administrator designates which employees are eligible to participate. Once that's done, the administrator has a choice of handling enrollment or letting employees enroll using the Certent Participant Portal. Certent ESPP Management has the flexibility to support your plan design and puts the stock plan administrator in control.

- Administrators can set the number and type of self-service payroll elections available to employees
- Administrators can limit 'mid-cycle' election changes allowed under the Plan
- Administrators can offer 'cease participation' choices allowed under the Plan
- Enrollments can be rolled forward to the next offering period - no need to individually create new enrollments
- Residual contributions carried forward to the next offering period are processed with a full audit trail
- Importer templates simplify the way data is entered – Eligibility, enrollments, payroll contributions and dispositions can be uploaded
- Administrator indicates the price and initiates the purchase processing
- Certent calculates the number of shares to purchase for each employee participant based on their contributions since last purchase, residual amounts and specified purchase price
- Truncates fractional shares to whole shares, keeping the balance as a residual to be refunded or carried forward for next purchase



ESPP Portal Enables Participant Self-Service

Certent provides a self-service participant portal to off-load common tasks from stock plan administrators. Employees can take responsibility for enrolling themselves once their eligibility is confirmed. They also can make mid-cycle payroll contribution election changes and stop their participation in an offering period. As plan participants, employees can view their contributions, confirm their purchases and track dispositions. Certent also provides communication tools that help you educate participants and alert them as needed via the portal and email.

Comprehensive ESPP Reporting Ensures Compliance

Track and manage your ESPP activity with Certent's comprehensive reports. Certent's highly flexible filtering engine lets you compile the real time relevant data based on parameters you select, fast.

Efficient Disposition Handling

- Supports 11 types of dispositions
- Systematically tracks disqualifying dispositions
- Supports participant surveys, imports responses and determines proper tax treatment
- Certent determines qualifying and disqualifying status of disposition shares
- Certent calculates ordinary income and capital gains on dispositions for qualified 423 plans
- Disposition reports can be downloaded for company use

Find Out More

Count on Certent to bring you and your participants the best solutions in the industry. To learn more, contact a Certent representative at 866.336.3274 or sales@certent.com

ADMINISTRATIVE REPORTS

- Eligibility
- Election for Payroll
- Contributions Made and Refunded
- Participant Transaction
- \$25K Limit Summary
- \$25K Limit Detail
- Disposition Summary – Status, Details, Ordinary Income, Capital Gains, Lot Detail)
- ESPP Dispositions Information
- ESPP Purchase Information
- Estimated Annual Contributions
- Purchase Confirmation
- Purchase Period and Reserves
- Refund Summary

ACCOUNTING REPORTS

- Award Detail
- Common Equivalents
- Deferred Tax Accounting Entries
- Deferred Tax Compensation Expense
- Deferred Tax Asset Disqualifying Dispositions
- Deferred Tax ESPP Purchases
- Deferred Tax ESPP Forfeitures
- ESPP Expense Accrual
- ESPP Fair Value Detail Report
- Disclosure
- IRS Reporting Form 3922