



## SOS Educational Webcast: RSU Release Prep - It's All About Your Checklist

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## Materials Slides

[www.sos-team.com/pdfs/RSU\\_Release\\_Prep.pdf](http://www.sos-team.com/pdfs/RSU_Release_Prep.pdf)

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**Official Title:**  
RSU Release Prep  
It's All About Your Checklist  
**Unofficial Title:**  
How to not mess up  
an RSU Release

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Failing to prepare is  
preparing to fail.

-John Wooden, legendary UCLA basketball coach-

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My First RSU Release:  
*A Dramatization*

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## High Stakes. High Anxiety.

Deadline! Head spinning Herding cats.  
 Manual is 300 pages...  
 Doesn't show me **High Stakes!**  
 how to prep for a RSU So many prerequisites! **Anxiety!**  
 Release!  
 My boss says this **Too much to track!** Too much to remember!  
 The broker says that **Can't concentrate**  
 Colleagues say something else 40 page plan document is vague! No help!  
 So many details! **So. Many. Voices.**  
 Release is in 4 days. **Losing control**

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## Inside the head of a SPA...

Grant Agreement Acceptance Retirement Eligibility Tax Payment Shares sold for taxes  
 Elections Tax Codes  
 Insiders! FICA! FICA! FICA! Paying taxes w/cash in Brokerage Account  
 Blackouts! Dividend Equivalent Payroll Updates: **Mobility**  
 Brokerage Accounts YTD Income & Taxes **Tracking**  
 Section 16 W-8 BEN Default Tax Payment Elections  
 Terminations Restricted Stock  
 Forfeitures Deferral Elections Terms & Conditions  
 Paying taxes with personal checks

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## RSU Release Prep – 5 Tools

1. Checklist: Advance Prep (Macro View)
2. Checklist: 21 Audit Points (Micro View)
3. Customized System Report: Shares Subject to Release (Companion to 21 Audit Points)
4. Checklist: Tax Set-Ups & Audit
5. Checklist: Retirement Eligibility

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## Sample Vendors: System & Broker

- The Tools & Checklists for this presentation were built with a particular system/broker.
- These Tools, Checklists & Concepts can (and should) be adapted for any system/broker.

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## Tool # 1 (of 5): Checklist - Advance Prep (Macro View)

### Function:

- View all Release Prep categories on a single page to put all Micro steps into context.
- This helps a SPA see how all the moving parts are interconnected and interdependent.

## Full Checklist: Advance Prep (Macro)

ABC Corp						
Checklist: Advance Prep Steps for Processing RSU and PSU Releases						
Category	Checklist Completed by (insert name)	Action	RSU/PSU Release Date	Procedure	Done?	
Vesting and Release Dates	1	View ABC Corp's RSU Release Calendar (linked to ABC Corp Network).	1st Day of Every Month	Conting.		
	2	Run EEO report Shares Subject to Release. Review: 1) Vest Dates, 2) PPTs, 3) Shares.	1st Day of Every Month	Conting.		
	3	Determine Release Dates: 1) Officers: On vest date, 2) Staff: If vest date falls in a Trading Blackout, Release Date will be last day of Blackout, 3) BODs - TBD.	1st Day of Every Month	Conting.		
	4	Alert ABC Corp Stock Team of Release Dates well in advance: Set-up alerts in Outlook.	1st Day of Every Month	Conting.		
	5	Set-up Network Folder's for Release Dates.	1st Day of Every Month	Conting.		
Tax Payment Elections	Background: Elections by PPT Group (editors at ETrade.com): 1) Staff; a) Sell-to-Cover (default), or b) Cash Transfer, 2) Officers: No elections. (Withhold shares for taxes.) 3) BODs: No elections. (Taxes not payable at Vest/Release.)		Election Windows: From date award expiring to E Trade to Deadline: 90 days - Vest Date	Conting.		
	1	Election Deadlines: 90 calendar days prior to Vest Dates (even if Release Date is later).	Vest Date - 90 Days	Conting.		
	2	See ABC Corp RSU Release Calendar for Election Deadline dates.	30 days & 3 day deadline	Conting.		
	3	E Trade PPT Alerts: Sent 30 days and 1 day prior to election deadlines.	Election Deadline - 2 weeks	Conting.		
	4	ABC Corp PPT Alerts: Send email re: 1) Election Deadline, and 2) Default elections.	Daily	Conting.		
Broker not E-Trade	1	Request from PPTs: Issuance, broker and DWAC info (e.g. BOD RSUs).	4 Weeks - Release Date	Conting.		
	2	Run EEO Report: 1) Shares Subject to Release (select custom "view" - Release Prep Tool), 2) Format report with filters, 3) Review 2) Audit Points, as listed in the document - Release Prep_2) Audit Points.xls - in the 5 categories below: a) Dates & Shares, b) Prerequisites (B), c) Taxes on SUPP income, d) Insider, and e) Other.	Release - 4 weeks (Note: 4 weeks should be write time to follow-up and resolve all Release Prep issues.)	Conting.		
	3	Dates & Shares: All awards captured? 1) Grant Dates, 2) Shares, 3) Release/Vest Dates.	Release - 4 weeks	Conting.		
	4	Prerequisites: 1) OUSAs accepted? 2) PSU Govt Statures "Complete"? 3) Tax Payment Method listed? 4) Broker IDs all E Trade? 5) Trading Blocked? 6) E Tr. acct. activated? 7) Next'd Stock Terms & Conditions accepted? 8) Tax Payment Election Profiles correct?	Release - 4 weeks	Conting.		
	5	Taxes on SUPP Income: Use checklist Release Prep_Taxes_Audit_Set-ups to: 1) ID SUPP tax rules by state, 2) Set-up/update SUPP taxes in EEO, 3) Audit/update PPT acct. tax set-ups. (Use EEO Rpt. Account; select View "Tax Export") 4) Update YTD income & taxes in EEO PPT acct., 5) Audit tax issuance consistency in PPT acct.,	Release - 4 weeks (Note: Use final ADP payroll report prior to Release Date to update YTD Income & taxes on PPT acct.)	Conting.		
Release Prep	6	Insiders: Check flags for 1) Officers (Form 4 filings) & 2) Rule 144 (Rule 144 paperwork); decisions on Forms 4 and Rule 144 for 1-2-35 Officer Release.	Release - 4 weeks (Note: Give Legal plenty of advance notice.)	Conting.		
	7	Other: 1) Terminations, 2) Export errors, 3) Mobility, 4) Sell to Cover (> 20k shares?), 5) RET Eligibility - FICA payments	Release - 4 weeks	Conting.		
	8	Run Test Release	Release - 4 weeks	Conting.		
	9	Set-up sandbox EEO database, 2) Run test Release, 3) Audit results: PPTs, shares, taxes	Release - 4 weeks	Conting.		
	SPA: StockPlan Administrator PPT: Participant TA: Transfer Agent COC: Client Resource Center EEO: Equity Edge Online RSU: Restricted Stock Unit Network: ABC Corp's Intranet PWW: Fair Market Value Vest/Lapse Date: Synonym: Shares "Vest", Restrictions "Lapse", Shares are now owned by PPT and cannot be forfeited. Release/Distribution Date: Synonym: Shares are "Released" or "Distributed" to PPTs. Terms mean the same thing. *Procedures are saved to the ABC Corp Network > (B) Stock Administration > Procedures Stock Admin > (B) Releases File Name for Procedures: "RSU Releases - Procedures"		Process Completed by (print and sign name)	Date:		
		Process Audited and Approved by (print and sign name)	Date:			

## Checklist: Advance Prep (Macro)

### A Six Act Play

1. Identify Release Dates, Participants & Shares
2. Tax Payment Elections
3. Participants with Other Broker
4. Release Preparation and Release Prerequisites
5. Run a Test Release
6. Sign-offs: SPA and Manager

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## Tool #'s 2 and 3 (of 5) 21 Audit Points (Micro View)

### Tool # 2: Checklist

- Identify and track - in a single document - all Release prerequisites and criticalities.
- Shapers of List: Company, Plan document(s), Software Provider & Designated Broker.

### Tool # 3: Companion: Report from Equity Software

- Extract all identified Release prerequisites and criticalities.
- Track all items on a single report.
- Note: Report customization may be required.

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## Tool # 4 (of 5): Checklist - Tax Set-Ups & Audit

### A Five Act Play

1. Audit SUPP Tax Set-ups at Company level.
2. Audit Tax Set-ups in Participant accounts.
3. Set-up local taxes.
4. Update Participant accounts with YTD income and taxes.
5. Audit taxes: Run Test Release

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## Tool # 5 (of 5): Table of Considerations – Retirement Eligibility & FICA Taxes

1. Plan Documents
2. Stakeholders
3. Employee Communications
4. Administration
  - Population
  - Taxes

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ABC Corp

**Checklist: Advance Prep Steps for Processing RSU and PSU Releases**

Category	Checklist Completed by (insert name):	Action	RSU/PSU Release Date:		
			Complete By	*Procedure	Done?
ID Vestings and Release Dates	1	View ABC Corp's RSU Release Calendar (saved to ABC Corp Network).	1st Day of Every Month	Coming	
	2	Run System report Shares to Release. Review: 1) Vest Dates, 2) PPTs, 3) Shares.	1st Day of Every Month	Coming	
	3	Determine <b>Release Dates</b> : 1) Officers - On vest date. 2) Staff - If vest date falls in a Trading Blackout, Release Date will be last day of Blackout. 3) BODs - TBD.	1st Day of Every Month	Coming	
	4	<b>Alert ABC Corp Stock Team of Release Dates well in advance</b> : Set-up alerts in Calendar App.	1st Day of Every Month	Coming	
	5	Set-up Network Folders for Release Date.	1st Day of Every Month	Coming	
Tax Payment Elections	1	Background: Broker.com): 1) Staff: a) Sell-to-Cover (default), or b) Cash Transfer. 2) Officers: No elections. (Withhold shares for taxes.) 3) BODs: No elections. (Taxes not payable at Vest/Release.)	Election Windows: From date award exported to Broker to Deadline: 90 days < Vest Date	Coming	
	2	Election Deadlines: 90 calendar days prior to Vest Dates (even if Release Date is later). See ABC Corp RSU Release Calendar for Election Deadline dates.	Vest Date - 90 Days	Coming	
	3	Broker PPT Alerts: Sent 30 days and 1 day prior to election deadlines.	30 days & 1 day < deadline	Coming	
	4	ABC Corp PPT Alerts: Send email re: 1) Election Deadline, and 2) Default elections.	Election Deadline - 2 weeks	Coming	
	5	Elections to System: "Restricted Elections" file is automatically imported daily from Vendor Website.	Daily	Coming	
Participants Using Other Brokers	1	<b>Request from PPTs</b> : Issuance, broker and DWAC info. (e.g. BOD RSUs)	4 Weeks < Release Date	Coming	
Release Prep	1	Run System Report: 1) "Shares To Release" 2) Format report with filters. 3) Review 21 Audit Points, as listed in the document - Release Prep_21 Audit Points.xls - in the 5 categories below: a) Dates & Shares, b) Prerequisites (8), c) Taxes on SUPP Income, d) Insiders, and e) Other.	Release - 4 weeks ( <b>Note!</b> 4 weeks should be ample time to follow-up and resolve all Release Prep issues.)	Coming	
	a	<b>Dates &amp; Shares</b> : All awards captured? 1) Grant Dates 2) Shares 3) Release/Vest Dates	Release - 4 weeks	Coming	
	b	Prerequisites: 1) OLGAs accepted? 2) PSU Goal Statuses "Complete?" 3) Tax Payment Method listed? 4) Broker IDs all Broker? 5) Trading Blocked? 6) Broker. acct. activated? 7) Rest'd Stock Terms & Conditions accepted? 8) Tax Payment Election Profiles correct?	Release - 4 weeks	Coming	
	c	Taxes on SUPP Income: Use checklist Release Prep_Taxes_Audit_Set-ups to: 1) ID SUPP tax rules by state. 2) Set-up/update SUPP taxes in System. 3) Audit/update PPT record. tax set-ups. 4) Update YTD income & taxes in System PPT records. 5) Audit tax sequence-consistency in PPT records.	Release - 4 weeks ( <b>Note!</b> Use final System payroll report prior to Release Date to update YTD income & taxes on PPT records.)	Coming	
	d	Insiders: Check flags for 1) Officers (Form 4 filings) & 2) Rule 144 (Rule 144 paperwork). Consult ABC Corp Legal for direction if flags set to Yes. (Add to procedures: Legal's decisions on Forms 4 and Rule 144 for 1.2.15 Officer Release.)	Release - 4 weeks ( <b>Note!</b> Give Legal plenty of advance notice.)	Coming	
	e	<b>Other</b> : 1) Terminations. 2) Export errors. 3) Mobility. 4) Sells to Cover (> 20k shares?). 5) RT Eligibility - FICA payments	Release - 4 weeks	Coming	
	1	1) Set-up non-production System database. 2) Run test Release. 3) Audit results: PPTs, shares, taxes	Release - 4 weeks	Coming	

SPA: StockPlan Administrator

PPT: Participant

TA: Transfer Agent

System: System Online

RSU: Restricted Stock Unit

Network: ABC Corp's Intranet.

FMV: Fair Market Value

**Vest/Lapse Date**: Synonyms. Shares "Vest." Restrictions "Lapse." Shares are now earned by PPT and cannot be forfeited.

**Release/Distribution Date**: Synonyms. Shares are "Released" or "Distributed" to PPTs. Terms mean the same thing.

\*Procedures are saved to the ABC Corp Network: (S:) Stock Administration > Procedures Stock Admin > RSU Releases

**File Name for Procedures**: "RSU Releases - Procedures"

**Process Completed by (print and sign name)**

**Date:**

**Process Audited and Approved by (print and sign name)**

**Date:**



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Shares to Release  
From 1/1/15  
To 9/30/15

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Names (Fictional)	Participant ID	Grant Date	Number	Shares	Shares To Release	Grant Type	Scheduled Release Date	Next Lapse Date	Tax Payment Method	Tax Payment Method Date	Award Broker ID	Block Trading	Officer?	Subject To Rule 144	Acceptance Date	Activation Status	T&C Status	State	Election Profile	Goal Status
Alda, Alan	001017	3/11/2014	1315651	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/8/2014	Activated	Yes	CA	RSU Staff v2	
Alias, Matilda	001025	3/11/2014	1315652	600.00	600.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/9/2014	Activated	Yes	CA	RSU Staff v2	
Ansari, Aziz	001059	3/11/2014	1315669	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	6/24/2014	Activated	Yes	CA	RSU Staff v2	
Bahama, Tommy	001046	3/11/2014	1315664	269.00	269.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/5/2014	Activated	Yes	CA	RSU Staff v2	
Bingo, Ringo	001061	3/11/2014	1315680	125.00	125.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/9/2014	Activated	Yes	CA	RSU Staff v2	
Brady, Marcia	001053	3/11/2014	1315659	375.00	375.00	RSU	10/1/2015	10/1/2015	Sell - Cover	4/7/2014	Broker	1	0	0	4/7/2014	Activated	Yes	CA	RSU Staff v2	
Charles, Karl	001055	3/11/2014	1315685	132.00	132.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/10/2014	Activated	Yes	CA	RSU Staff v2	
Crawford, Billy	001000	3/11/2014	1315653	375.00	375.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/15/2014	Activated	Yes	CA	RSU Staff v2	
Cronkite, Wally	001024	3/11/2014	1315677	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/8/2014	Activated	Yes	CA	RSU Staff v2	
Doe, John	001027	3/11/2014	1315671	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/9/2014	Activated	Yes	TX	RSU Staff v2	
Doe, John	001027	2/19/2013	1315487	750.00	750.00	RSU	10/11/2015	10/11/2015	Sell - Cover		Broker	1	0	0	3/29/2013	Activated	Yes	TX	RSU Staff v2	
Doe, John	001027	2/6/2014	1315734	399.00	399.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/9/2014	Activated	Yes	TX	RSU Staff v2	Complete
Doe, John	001027	2/6/2014	1315728	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/9/2014	Activated	Yes	TX	RSU Staff v2	Complete
Doe, John	001027	2/6/2014	1315728	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/9/2014	Activated	Yes	TX	RSU Staff v2	Complete
Doe, John	001027	2/6/2014	1315728	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/9/2014	Activated	Yes	TX	RSU Staff v2	Complete
Doe, John	001027	2/6/2014	1315728	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/9/2014	Activated	Yes	TX	RSU Staff v2	Complete
Downer, Debbie	001039	3/11/2014	1315666	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/7/2014	Activated	Yes	VA	RSU Staff v2	
Fakanama, Georg	001030	3/11/2014	1315673	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/6/2014	Activated	Yes	FL	RSU Staff v2	
Fakanama, Georg	001030	2/19/2013	1315490	750.00	750.00	RSU	10/11/2015	10/11/2015	Sell - Cover		Broker	1	0	0	3/29/2013	Activated	Yes	FL	RSU Staff v2	
Fakanama, Georg	001030	2/6/2014	1315730	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	FL	RSU Staff v2	Complete
Fakanama, Georg	001030	2/6/2014	1315730	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	FL	RSU Staff v2	Complete
Fakanama, Georg	001030	2/6/2014	1315730	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	FL	RSU Staff v2	Complete
Fakanama, Georg	001030	2/6/2014	1315730	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	FL	RSU Staff v2	Complete
Fakanama, Georg	001030	2/6/2014	1315736	399.00	399.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	FL	RSU Staff v2	Complete
Jones, Michelle	001035	3/11/2014	1315665	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/7/2014	Activated	Yes	TX	RSU Staff v2	
Mae, Maggie	001029	3/11/2014	1315672	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/7/2014	Activated	Yes	IL	RSU Staff v2	
Mae, Maggie	001029	2/19/2013	1315489	750.00	750.00	RSU	10/11/2015	10/11/2015	Sell - Cover		Broker	1	0	0	3/29/2013	Activated	Yes	IL	RSU Staff v2	
Mae, Maggie	001029	2/6/2014	1315731	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/24/2014	Activated	Yes	IL	RSU Staff v2	Complete
Mae, Maggie	001029	2/6/2014	1315731	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/24/2014	Activated	Yes	IL	RSU Staff v2	Complete
Mae, Maggie	001029	2/6/2014	1315731	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/24/2014	Activated	Yes	IL	RSU Staff v2	Complete
Mae, Maggie	001029	2/6/2014	1315731	399.00	399.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/24/2014	Activated	Yes	IL	RSU Staff v2	Complete
Mae, Maggie	001029	2/6/2014	1315731	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/24/2014	Activated	Yes	IL	RSU Staff v2	Complete
Marinara, Martha	001034	3/11/2014	1315667	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/9/2014	Activated	Yes	NJ	RSU Staff v2	
Master, Billy	001006	3/11/2014	1315654	525.00	525.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/7/2014	Activated	Yes	CA	RSU Staff v2	
Meek, Molly	001036	3/11/2014	1315668	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/8/2014	Activated	Yes	CA	RSU Staff v2	
Norris, Chuckie	001009	3/11/2014	1315682	212.00	212.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/5/2014	Activated	Yes	CA	RSU Staff v2	
Ponce, Tricia	001040	3/11/2014	1315687	63.00	63.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	12/19/2014	Activated	Yes	CA	RSU Staff v2	
Porter, Harold	001041	3/11/2014	1315678	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/17/2014	Activated	Yes	GA	RSU Staff v2	
Public, John Q	001020	3/11/2014	1315660	438.00	438.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/5/2014	Activated	Yes	NY	RSU Staff v2	
Public, John Q	001020	2/6/2014	1315732	299.00	299.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	NY	RSU Staff v2	Complete
Public, John Q	001020	2/6/2014	1315732	299.00	299.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	NY	RSU Staff v2	Complete
Public, John Q	001020	2/6/2014	1315732	299.00	299.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	NY	RSU Staff v2	Complete
Public, John Q	001020	2/6/2014	1315732	299.00	299.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	NY	RSU Staff v2	Complete
Public, John Q	001020	2/6/2014	1315738	598.00	598.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/10/2014	Activated	Yes	NY	RSU Staff v2	Complete
Sandler, Adam	001044	3/11/2014	1315657	813.00	813.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	5/23/2014	Activated	Yes	CA	RSU Staff v2	
Seagul, Kenny	001012	3/11/2014	1315655	300.00	300.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	5/28/2014	Activated	Yes	CA	RSU Staff v2	
Smith, Suzzie	001032	3/11/2014	1315675	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/7/2014	Activated	Yes	CA	RSU Staff v2	



Names (Fictional)	Participant ID	Grant Date	Number	Shares	Shares To Release	Grant Type	Scheduled Release Date	Next Lapse Date	Tax Payment Method	Tax Payment Date	Award Broker ID	Block Trading	Officer?	Subject To Rule 144	Acceptance Date	Activation Status	T&C Status	State	Election Profile	Goal Status
Smith, Suzzie	001032	2/19/2013	1315492	750.00	750.00	RSU	10/11/2015	10/11/2015	Sell - Cover		Broker	1	0	0	3/29/2013	Activated	Yes	CA	RSU Staff v2	
Smith, Suzzie	001032	2/6/2014	1315725	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/22/2014	Activated	Yes	CA	RSU Staff v2	Complete
Smith, Suzzie	001032	2/6/2014	1315726	399.00	399.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/22/2014	Activated	Yes	CA	RSU Staff v2	Complete
Smith, Suzzie	001032	2/6/2014	1315725	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/22/2014	Activated	Yes	CA	RSU Staff v2	Complete
Smith, Suzzie	001032	2/6/2014	1315725	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/22/2014	Activated	Yes	CA	RSU Staff v2	Complete
Smith, Suzzie	001032	2/6/2014	1315725	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/22/2014	Activated	Yes	CA	RSU Staff v2	Complete
Solamente, Darlina	001013	3/11/2014	1315689	63.00	63.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/5/2014	Activated	Yes	CA	RSU Staff v2	
Swanson, Dinar	001058	3/11/2014	1315683	215.00	215.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/8/2014	Activated	Yes	CA	RSU Staff v2	
Twist, Oliver	001031	3/11/2014	1315674	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/7/2014	Activated	Yes	OH	RSU Staff v2	
Twist, Oliver	001031	2/19/2013	1315491	750.00	750.00	RSU	10/11/2015	10/11/2015	Sell - Cover		Broker	1	0	0	3/29/2013	Activated	Yes	OH	RSU Staff v2	
Twist, Oliver	001031	2/6/2014	1315727	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	11/19/2014	Activated	Yes	OH	RSU Staff v2	Complete
Twist, Oliver	001031	2/6/2014	1315727	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	11/19/2014	Activated	Yes	OH	RSU Staff v2	Complete
Twist, Oliver	001031	2/6/2014	1315727	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	11/19/2014	Activated	Yes	OH	RSU Staff v2	Complete
Twist, Oliver	001031	2/6/2014	1315727	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	11/19/2014	Activated	Yes	OH	RSU Staff v2	Complete
Twist, Oliver	001031	2/6/2014	1315733	399.00	399.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	11/19/2014	Activated	Yes	OH	RSU Staff v2	Complete
Vagoda, Abraham	001033	3/11/2014	1315676	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/14/2014	Activated	Yes	NJ	RSU Staff v2	
Vagoda, Abraham	001033	2/19/2013	1315493	750.00	750.00	RSU	10/11/2015	10/11/2015	Sell - Cover		Broker	1	0	0	3/29/2013	Activated	Yes	NJ	RSU Staff v2	
Vagoda, Abraham	001033	2/6/2014	1315729	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/23/2014	Activated	Yes	NJ	RSU Staff v2	Complete
Vagoda, Abraham	001033	2/6/2014	1315729	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/23/2014	Activated	Yes	NJ	RSU Staff v2	Complete
Vagoda, Abraham	001033	2/6/2014	1315729	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/23/2014	Activated	Yes	NJ	RSU Staff v2	Complete
Vagoda, Abraham	001033	2/6/2014	1315729	200.00	200.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/23/2014	Activated	Yes	NJ	RSU Staff v2	Complete
Vagoda, Abraham	001033	2/6/2014	1315735	399.00	399.00	PSU	10/31/2015	10/31/2015	Sell - Cover		Broker	1	0	0	7/23/2014	Activated	Yes	NJ	RSU Staff v2	Complete
Williams, Katt	001026	3/11/2014	1315679	188.00	188.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/28/2014	Activated	Yes	MA	RSU Staff v2	
Winn, Walt	001018	3/11/2014	1315656	825.00	825.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/10/2014	Activated	Yes	CA	RSU Staff v2	
Wong, Bennie	001015	3/11/2014	1315663	438.00	438.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/11/2014	Activated	Yes	CA	RSU Staff v2	
Yearling, Brent	001049	3/11/2014	1315662	438.00	438.00	RSU	10/1/2015	10/1/2015	Sell - Cover	4/10/2014	Broker	1	0	0	4/10/2014	Activated	Yes	AZ	RSU Staff v2	
Zacharia, Ingrid	001051	3/11/2014	1315684	63.00	63.00	RSU	10/1/2015	10/1/2015	Sell - Cover		Broker	1	0	0	4/8/2014	Activated	Yes	CA	RSU Staff v2	
Zuloaga, Zeke	001023	3/11/2014	1315670	313.00	313.00	RSU	10/1/2015	10/1/2015	Sell - Cover	4/9/2014	Broker	1	0	0	4/9/2014	Activated	Yes	CA	RSU Staff v2	

Companion Doc. for RSU "Release Prep Tool": See System Report, Shares to Release

**Insert RSU Release Date Here:**

Note 1: The data in the Release Prep Tool is extracted from System, from the Award Record and the PPT Record.

**Note 2:** The Release-Prep Categories in Column C cross-ref. to the 5 Release-Prep categories in this doc: [Checklist\\_Release Prep.xls](#)

	(Col.) Release Prep Tool	Release Prep Category	Function	Status - Current Lapse	OK?
1	(C) Grant Date	Dates & Shares	For audit. Ensure correct range of Award Dates have been captured.		
2	(F) Shares to Release	Dates & Shares	Displays number of shares ready to be released. Number of shares should match number in column (E) "Shares." If number is 0, a) Award Agreement has not been accepted, or b) PSU Goal Status is not "Complete." If number is 0, shares cannot be released in System.		
3	(G) Grant Type	Dates & Shares	Ensure that all expected award types to be released are displayed. (Award types: RSUs, PSUs)		
4	(H) Scheduled Release Date	Dates & Shares	For audit. Click filter to ensure all expected Release Dates have been captured.		
5	(I) Next Lapse Date	Dates & Shares	Ensure all awards have a date equal to the Scheduled Release Date (H). If date is blank, a) Award Agreement has not been accepted, or b) PSU Goal Status is not "Complete." If "Next Lapse Date" is blank shares cannot be released in System.		
6	(J) Tax Payment Method	Prerequisite	Audit. Ensure a) all cells have a value, b) values are consistent with tax payment methods permitted. Note: Values are extracted from RSU record in System, from Vest Tranche being released.		
7	(L) Award Broker ID	Prerequisite	Audit. If shares released are to be deposited at Broker, the broker displayed must be "Broker." (Applies to all participants except BODs.)		
8	(M) Block Trading	Prerequisite	All cells should have value of "1," which indicates PPT's Broker acct is blocked from trading.		
9	(N) Officer	Insiders	Audit. A value of "1" indicates an Officer. Consult with Legal on Form 4 filing applicability.		
10	(O) Subject to Rule 144	Insiders	Value of "1" indicates PPT is subject to Rule 144. Consult Legal on Rule 144 paperwork applicability.		
11	(P) Acceptance Date	Prerequisite	This is for Award Agreement acceptances (OLGA or Paper). Agreements must be accepted before an award can be released.		
12	(Q) Activation Status	Prerequisite	If shares released are to be deposited at Broker, PPT must have activated their Broker account. No activation, no release.		
13	(R) T&C Status	Prerequisite	If shares released are to be deposited at Broker, PPT must have accepted online RS Terms & Conditions (T&C). No acceptance, no release.		
14	(S) State	Taxes on SUPP Income	PPT's state of residence as it appears in PPT's record. If state is outside Calif. ensure all applicable state, local, SDI and SUI taxes are set-up in System, including applicable annual maximums. (Note! RSU income is "Supplemental Income." Tax rates on SUPP Income may differ from rates for regular income. Clarify SUPP rates with Payroll!) Set up new taxes at system level and apply to PPT System Records as applicable. (To view taxes set-up on PPT Records run System rpt: Insert report name)		
15	(T) Election Profile	Prerequisite	This is the Tax Election Profile, which determines the tax payment choices for PPTs. Every award record should have one (Exception: BOD awards).		Yes
16	(U) Goal Status	Prerequisite	For PSUs only (Performance Stock Units). PSUs can only be released if the Goal Status is "Complete." (For RSUs this field will be blank.)		Yes
<b>Additional Check Points:</b> Not displayed on Release Prep Tool.xls					
17	Terminations	Other	RSUs invested at PPT's term date are canceled. However, if Term Date is > Vest Date but < end of Trading Blackout, release shares to Termed PPT at end of Blackout. <b>How to proceed:</b> 1) Enter Term after Release is processed, or 2) Enter term prior to Release, then use special procedure for processing releases for termed PPTs.		
18	Restricted Grant and Vest export file: Errors!	Other	Daily Export File: Restricted Grant and Vest. Export Errors may cause problems with Releasing RSUs. Resolve all errors in advance of Release.		
19	STCs: > 20K shrs	Other	Broker's Special Handling desk must managBrokers of this size. ABC Corp, not PPT, will pay trading fees. Estimate # in advance of Release (Total shares to Release via STC for taxes x 0.45 shrs sold.)		
20	PPT Mobility	Other	If PPT moves to new Country (or state) after Award Date but prior to Vest Date, ABC Corp may need to prorate RSU income based on time spent in each country (or state) and pay taxes to both countries (or states). ABC Corp must determine its policy on Mobility Tracking.		

ABC Corp

Checklist: Taxes on Supplemental Income from RSU Releases\_Set-Ups\_Prep\_Audit

Category	Checklist Completed by (insert name):	Action	Release Date:	
			Complete By	Done?
Audit SUPP Tax Set-ups in System at Co. Level	1	Get list of States with RSU Releases: 1) Run System report Shares to Release 2) Format with filters. 3) Click filter on column "State" to get list of States.	2-4 weeks < Release Date	
	2	<b>Warning!</b> Taxes on <i>Supplemental Income</i> often differ from taxes on <i>Wages</i> .	NA	
	3	Obtain SUPP Tax rules for each state (can change yearly): Obtain for each state: System 2015 Fast Wage and Tax Facts. (System updates yearly.) Payroll can obtain from System. These are also available online.	2-4 weeks < Release Date	
	4	Audit SUPP taxes set-up in System: 1) Run System Report Tax Table List. 2) Audit System tax set-ups in Tax Table List to System Fast Wage & Tax Facts for each state. 3) Audit Fed tax set-ups; a) Fed Income Tax, b) Medicare & c) Social Security. (Fed tax rules on Supp Income are on System Fast Wage & Tax Facts.)	2-4 weeks < Release Date	
	5	Update System Tax Set-Ups as necessary: 1) Edit changes to Fed and/or state taxes. 2) Set-up new states.	2-4 weeks < Rls Dt	
Audit Tax Set-ups in PPT Records	1	Obtain list of tax set-ups in System by PPT. Run System report, Participant	2-4 weeks < Rls Dt	
	2	Modify Tax Export Report: 1) Add PPT Names and States via VLOOKUP from System report Shares to Release. 2) Format report with filters.	2-4 weeks < Release Date	
	3	<b>Audit tax set-ups for PPTs in Calif:</b> 1) Filter for Calif. 2) Ensure all PPTs have CA-State and CA-SDI taxes set-up. 3) Ensure PPTs also have Fed, Medicare and Social Security set-up.	2-4 weeks < Release Date	
	4	Audit tax set-ups for PPTs in states outside of Calif: 1) Filter out Calif. 2) Ensure all PPTs have applicable State, SUI and SDI taxes set-up. (Consult System Fast Wage & Tax Facts as needed.) 3) Ensure PPTs also have Fed, Med and Social Security set-up.	2-4 weeks < Release Date	
	5	Update tax set-ups in System PPT Records (as necessary): Add, Delete or Modify tax set-ups.	2-4 weeks < Rls Dt	
Set-up Local Taxes	1	ID PPTs whose paychecks have Local taxes deducted: 1) Filter Tax Export for PPTs outside of Calif. 2) Obtain System payroll report. 3) ID non-Calif PPTs on Tax Export who have Local taxes deducted on System report. 4) Ask Payroll manager to determine if the local taxes will apply to Supp Income. 5) If yes, a) Ensure the Local Tax is set-up in System at company level, and b) tax is attached to applicable PPT records. If no, remove tax from System at a) company level, and b) PPT records, as applicable.	2-4 weeks < Release Date	
Update PPT records with YTD Income and Taxes	1	Obtain last System payroll report prior to RSU Release Date.	1 week < Rls Dt	
	2	Critical! Update PPT records in System with YTD info: 1) Wages (total wages, including SUPP wages), 2) SUPP Wages (Bonus, Stock Plan Transactions), 3) Social Security, 4) CA-SDI, and 5) Any other tax with an annual limit. Why are these updates critical? The YTD info can impact amount of taxes payable. (Note: See Procedures for guidance on locating these taxes on the System payroll report.)	1 week < Release Date	
	3	Less Critical: Update PPT records in System with YTD info: 1) CA-State, 2) Medicare, and 3) Any other tax that does not have an annual limit. Why are these updates less critical? The YTD amounts do not impact taxes payable. The tax payable will be the same regardless of the YTD amounts.	1 week < Release Date	
	4	System PPT record YTD updates - Enter manually. (Applicable until System-Payroll feed to System is automated.)	1 week < Rls Dt	
Audit Taxes: Run Test Release	1	Optional but Recommended: 1) Set-up a Non-production database in System. 2) Process Test Release in Non-production. (See Checklist & Procedures for processing a Release.) 3) Run System Report, Taxable Income Export. 4) Spot check tax set-ups, rates, limits. 5) Correct tax set-ups if errors detected.	1 week < Release Date	

<b>Process Completed by (print and sign name)</b>	<b>Date:</b>
<b>Process Audited and Approved by (print and sign name)</b>	<b>Date:</b>

PPT: Participant  
System: System Online  
RSU: Restricted Stock Unit

**Vest/Lapse Date:** Synonyms. Shares "Vest." Restrictions "Lapse." Shares are now earned by PPT and cannot be forfeited.

**Release/Distribution Date:** Synonyms. Shares are "Released" or "Distributed" to PPTs. Terms mean the same thing.

\*Procedures are saved to the ABC Corp Network: (S:) Stock Administration > Procedures Stock Admin > RSU Releases

File Name for Procedures: "RSU Releases - Procedures"

**Checklist: Retirement Eligibility with RSUs**

Category	Action Item	Action Details	Notes/Things to Consider
<b>Review Plan Documents</b>	1 Read plan document(s) and grant agreement(s).	Review LTI plan and RSU grant agreement for LTI retirement language.	You should find at least an age and service requirement. Potentially a waiting period after grant as well.
	2 Identify treatment of RSUs per the retirement provision.	Understand treatment of RSUs and FICA withholding when retirement eligibility is met since there is no longer a risk of forfeiture under 409A rules.	Possible types of treatment: (1) Cancel upon termination (2) Continue to vest under original terms (3) Acceleration of all or a prorated portion of unvested shares and immediate or future release of shares.
<b>Connect with Stakeholders</b>	1 Discuss among the <b>HR Executive Compensation Team</b> the treatment of RSUs and the collection of FICA taxes once retirement eligibility has been met.	Decision on whether to use payroll deduction or stock withholding by assessing the resources necessary and involving Payroll and Equity Vendor.	Rule of Administrative Convenience allows for taxes to be remitted at a single time prior to year end for those who become retirement eligible during that calendar year.
	2 Discuss with <b>Payroll</b> the possibility of payroll deduction of FICA taxes and W2 reporting.	Identify population with HRIS and request Payroll to model the FICA obligation for the population. Review the withholding impact (are deductions a large % paycheck).	Later in year, participants have better chance of meeting FICA limits. Earlier in year, retirement eligible employees will leave company before taxes withheld. Cannot be paid prior to employee meeting retirement eligibility.
	3 Discuss with <b>HRIS</b> the capability of capturing the retirement eligibility date in HR system of record.	Explore the possibility of including the retirement eligible population date on automated file feed or manual process.	Ensure any testing for indicative data.
	4 Discuss with <b>Finance/Accounting</b> the treatment of RSUs once retirement eligibility has been met and the expense that needs to be recorded.	Understand the award expense details and the financial reporting that is necessary for Finance/Accounting. Ensure report capability from Equity platform.	At retirement eligibility date if (1) Cancellation of unvested shares then true up expense and shares may go back to the available share pool or (2) Continued vesting or accelerated vesting then shares fully expensed.
<b>Employee Communications</b>	5 Discuss with <b>Equity Vendor</b> on ways to flag the population, termination rules that capture provision, financial reporting, and if applicable share withholding capabilities.	Identify custom fields and the process to update the retirement eligible date with either a file feed or manual upload. Ensure proper treatment of RSUs when a termination occurs. With share withholding, review equity platform's ability to withhold FICA at one time and rest of taxes at another time with different FMV.	For share withholding, it may be a manual process with tax calculations being provided to the equity provider. Those shares would be subject to income tax as well.
	6 Discuss employee communications with <b>Communications Team</b> and/or <b>Legal Dept.</b>	If applicable, have Communications assist with a draft communication plan. Legal should review any employee communication.	Legal can confirm special situations such any additional compliance with non-compete terms and conditions.
	7 Document process and obtain necessary approvals to proceed	Capture all the necessary steps and include screen shots if possible. Present timeline and process and gain necessary approvals.	May have to edit based on feedback from decision maker(s).
	1 Provide internal employee communication.	Include FAQs with example calculation and who to contact with questions.	Provide a list of retirement eligible employees to HR Leads.
	2 Include Equity Vendor communication.	Work with the Equity Vendor to place an alert on accounts or awards that meet the eligibility.	Also include as part of message to be aware of the tax implications as dictated by IRS rules. Possibly include company internal employee message as link in alert message.
	<b>Administration</b>	1 Ensure retirement eligible population and RSUs are always identified in HR system of record and equity platform.	Compare population in equity platform to HR system of record. Ensure RSUs are identified so they can be properly expensed upon becoming retirement eligible.
2 Flag key employees if RSUs are deferred compensation under 409A.		Considered deferred compensation, if the vesting and release date are not the same. Six month delayed distribution for key employees of public companies.	Key employees could change from year to year.
3 Ensure exception processing for terminated employees whose companies allow for continued vesting once the retirement eligibility has been met.		Process in place for those who terminate and have met the retirement eligibility prior to FICA withholding.	Possible ways to collect FICA taxes: (1) Withhold from last paycheck (2) Vacation or severance (3) Write a check to company (4) share withholding. Also determine value of awards.
4 At time of FICA withholding, confirm value of RSUs and tax calculations.		If using payroll deduction and leveraging Rule of Administrative Convenience, then date for value should have already been planned with Payroll. Perform a test run with Payroll in advance of set date for payroll processing.	With share withholding, if vest and release are different, Federal, State and Local taxes are due on those shares as well. In addition, logistics of withholding for new grants after becoming retirement eligible.
5 At release, confirm tax calculations.		If vest and release are different, ensure additional FICA is not included in taxes at vest.	If vest and release are the same, then confirm FICA is included at vest.