

# Equity Allocation Checklist

Use this easy checklist to gather the information you need to proactively manage your equity pool and forecast future grants.

Assess current burn rate and equity pool

Before forecasting future grants, start by assessing your current burn rate and equity pool status.

Task	What's Needed from HR	What's Needed from Finance
Understand existing equity pool and how company is tracking with burn rate	N/A	<div><input type="checkbox"/> Burn rate committed to the board</div> <div><input type="checkbox"/> Number of shares currently in equity pool</div> <div><input type="checkbox"/> Current strike price</div> <div><input type="checkbox"/> Actual number of shares granted in current time period (new hire, employee, exec, and advisor grants)</div> <div><input type="checkbox"/> Returns to pool for current time period (employee turnover, RIFs, etc.)</div>

Forecast future grants

Next, it's time to proactively plan for shares that you may grant in the timeframe you are forecasting.

Forecast executive grants

Task	What's Needed from HR	What's Needed from Finance
Understand projected exec comp increases and account for grants still vesting	<div><input type="checkbox"/> Projected exec comp increases based on:<ul style="list-style-type: none"><li>Performance</li><li>Tenure</li><li>Location</li><li>Role</li></ul></div> <div><input type="checkbox"/> Current exec grant vesting schedules</div>	<div><input type="checkbox"/> How projected increases track with budget</div> <div><input type="checkbox"/> How projected increases and vesting impact future budgets</div> <div><input type="checkbox"/> Guidance on limits and any recommended changes to plan</div>
Establish approach for key exec hires	<div><input type="checkbox"/> Leadership and board feedback on key roles to be hired</div> <div><input type="checkbox"/> Anticipated exec roles to be hired</div> <div><input type="checkbox"/> Anticipated exec locations</div>	<div><input type="checkbox"/> How projected exec hiring plan tracks with budget</div> <div><input type="checkbox"/> How projected exec hiring plan impacts future budgets</div> <div><input type="checkbox"/> Guidance on limits and any recommended changes to plan</div>

Forecast employee grants*		
Task	What’s Needed from HR	What’s Needed from Finance
<p>Determine which employees are eligible for new grants and account for grants still vesting.</p> <p>Type of employee grants can include:</p> <ul style="list-style-type: none"> <li>• Performance grants</li> <li>• Promotion grants</li> <li>• Tenure grants</li> </ul>	<div> <input type="checkbox"/> Projected employee grants based on:           <ul style="list-style-type: none"> <li>• Performance rating</li> <li>• Eligibility for promotion</li> <li>• Tenure</li> <li>• Location</li> <li>• Role</li> <li>• Current/new level</li> </ul> </div> <div> <input type="checkbox"/> Current employee grant vesting schedule         </div>	<div> <input type="checkbox"/> How projected increases track with budget         </div> <div> <input type="checkbox"/> How projected new grants and vesting impact future budgets         </div> <div> <input type="checkbox"/> Guidance on limits and any recommended changes to plan         </div>
Forecast equity grants for anticipated new hires	<div> <input type="checkbox"/> Projected headcount by level from department heads         </div> <div> <input type="checkbox"/> Anticipated employee locations         </div> <div> <input type="checkbox"/> Anticipated employee roles         </div> <div> <input type="checkbox"/> Anticipated employee levels         </div>	<div> <input type="checkbox"/> How projected hiring plan tracks with budget         </div> <div> <input type="checkbox"/> How projected hiring plan impacts future budgets         </div> <div> <input type="checkbox"/> Guidance on limits and any recommended changes to plan         </div>

Forecast advisor grants		
Task	What’s Needed from HR	What’s Needed from Finance
Determine approach for advisor compensation	<div> <input type="checkbox"/> Leadership and board feedback on need for new advisors         </div>	<div> <input type="checkbox"/> How projected advisor equity grants track with budget         </div> <div> <input type="checkbox"/> How projected advisor equity grants impact future budget         </div> <div> <input type="checkbox"/> Guidance on limits and any recommended changes to plan         </div>
<p><b>*Notes:</b></p> <ul style="list-style-type: none"> <li>• Typically, new employee grant planning begins one year before the employee completes vesting.</li> <li>• Don’t forget! When planning for new employee grants, remember to account for multiple years of vesting in your forecasts.</li> </ul>		

Forecast returns to pool		
Finally, account for any returns to pool that may occur.		
Task	What’s Needed from HR	What’s Needed from Finance
Understand projected employee turnover and impact	<div> <input type="checkbox"/> Employee turnover trends         </div> <div> <input type="checkbox"/> Current employee sentiment         </div>	<div> <input type="checkbox"/> Impact of equity returns to pool         </div> <div> <input type="checkbox"/> How actual equity returns track with anticipated returns         </div>
Understand need for reductions in force (RIFs)	<div> <input type="checkbox"/> Projected company layoffs (teams/employees)         </div>	<div> <input type="checkbox"/> Projected company layoffs (teams/employees)         </div>

Finalize forecasts		
Task	What’s Needed from HR	What’s Needed from Finance
Determine final equity forecast allocation	N/A	<div><input type="checkbox"/> Informed equity forecast for several years, including buffer to avoid underestimating</div> <div><input type="checkbox"/> Informed decision on when distribution is planned</div> <div><input type="checkbox"/> Expected burn rate</div>

Board review and approval		
Task	What’s Needed from HR	What’s Needed from Finance
Present data-driven strategy to board for approval	<div><input type="checkbox"/> Additional information as needed to answer board questions</div>	<div><input type="checkbox"/> Additional information as needed to answer board questions</div> <div><input type="checkbox"/> <b>Once approved</b>, update forecasts and begin tracking to budget</div>