

ProShare



SAYE & SIP SURVEY

2016



Thanks & acknowledgments

ProShare would like to thank the following plan administrators, who are all members of ProShare, for their help in completing the survey on behalf of their client companies:



CAPITA

Asset Services

Solium

Computershare



CONDUENT

EQUATEX

EQUINITI

R^m2



Introduction

I'm delighted to present our annual report analysing trends and participation in the UK's two 'flagship' tax-advantaged all-employee share plans – Save As You Earn and the Share Incentive Plan. ProShare has been conducting this survey for many years now and last year, we decided to refresh the layout and the way that we present the survey findings. This year we have taken this approach a step further – we hope that you find the style and format easy to navigate and digest.

SAYE has been around now for 37 years, and SIP, for 17 years. It is clear that neither of these plans would have lasted as long as they have if millions of employees – and their employers – didn't find them to be effective vehicles for saving and investing, and for improving the distribution of financial gains across the workforce, with their crucial tax advantages.

It is encouraging to see many of the largest employers still opting to offer both types of plan. This is a recognition of their differences, and benefits, and suitability for different parts of the workforce. One could argue that SAYE falls at the more 'paternalistic' end of the scale, with its emphasis on regular saving and the fact that no capital is at risk unless or until the shares are acquired and held by the employee. SIP, with its immediate share ownership and exposure to share price movement from the start is a significantly different proposition to SAYE, but no less helpful in its own way, especially for companies at IPO, and for employees paying higher levels of tax.

This year's survey results reveal a divergence in participation levels between the two plans, with SAYE participation consolidating at 35% (also 35% in 2015) and SIP participation drifting down slightly to 29% (from 30% in 2015). Average savings amounts have altered little, comparing 2016's results with 2015's. We could speculate as to the reasons why – the answers most likely lie in how people feel about their personal finances and job security, the uptick in inflation starting to come through and the workforce pay restraint being shown by public companies.

What these survey results don't break down is the take-up rate for these plans across the different age groups in the workplace – the data is onerous to compile and not consistently held. Our members will be aware that we are conducting an important piece of research this summer which will look at attitudes towards SAYE & SIP across the generations, with a particular focus on understanding why Millennials tend (on much anecdotal evidence) to engage less on share plans than their older peers. Any companies with SAYE or SIP or both plans are eligible to take part – do contact us for further details.

SAYE and SIP make a positive difference to all employees' sense of financial wellbeing, and can generate significant profits. It is important that we ensure that these benefits aren't lost on the Millennial generation for it is they who stand to benefit most over the coming years of their careers, and who should be empowered to get their fair share in the success they help to create.

Gabbi Stopp
Head of ProShare

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The SAYE Survey 2016: Introduction

SAYE Overview

Under a Save As You Earn (SAYE) plan employees are given the right ('option') to buy a certain number of shares in the company at a future date at a purchase price (the "exercise price") that is determined when the option is granted. The exercise price must not be less than 80% of the market value of the underlying shares at the time of grant. Participating employees are required to save between a minimum of £5 and maximum of £500 per month under a SAYE savings contract with an approved bank or building society savings carrier. These SAYE contracts last for three or five years. Any bonus or interest earned on these savings is tax free.

The lump sum resulting from the SAYE contract can be used to buy the shares if the employee chooses to exercise their options after 3 or 5 years, depending on the terms of the option. Employees are not obliged to exercise their options and would normally choose not to do so if the prevailing share price is lower than the exercise price at which the option entitles the employee to buy shares. If the option is not exercised, the employee receives the proceeds of the SAYE contract – i.e. the savings plus any tax-free bonus or interest, if applicable.

SAYE plans which meet the requirements of the legislation in Schedule 3 of the Income Taxes (Earnings & Pensions) Act 2003 and registered and reported online via HMRC's ERS Online service are able to offer certain tax advantages. Employees do not pay Income Tax or National Insurance on: the bonus or interest received under the SAYE contract; the benefit from being able to buy shares at a discounted price; or at grant or exercise, except in limited circumstances. Capital Gains Tax may be payable when the shares are sold.

SAYE Survey Methodology

The ProShare SAYE survey analyses the features of SAYE schemes by asking the principal SAYE administrators to complete a questionnaire on the schemes they administer. The focus of the survey has changed over the years, however comparisons are made with results from previous years where possible.

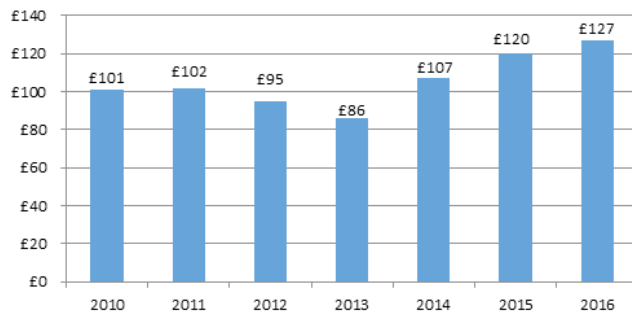
Acknowledgments

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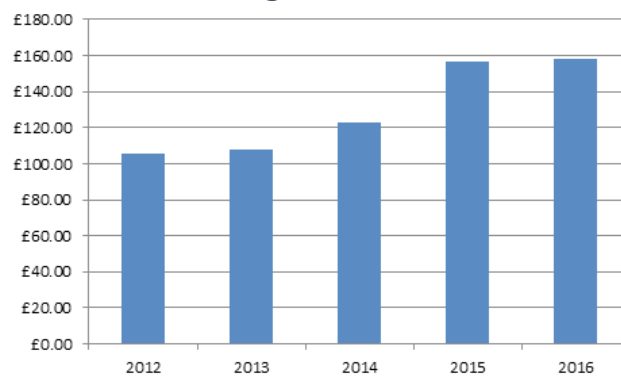
- Barclays Global Stock & Rewards Services
- Capita Asset Services
- Computershare
- Equatex
- Equiniti
- Solium
- YBS Share Plans

SAYE Key Findings for 2016

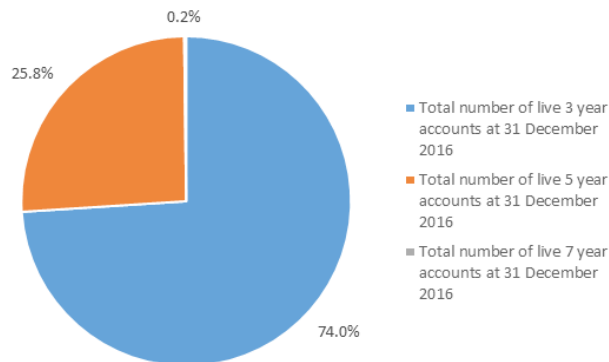
Average monthly savings for new grants in 2016



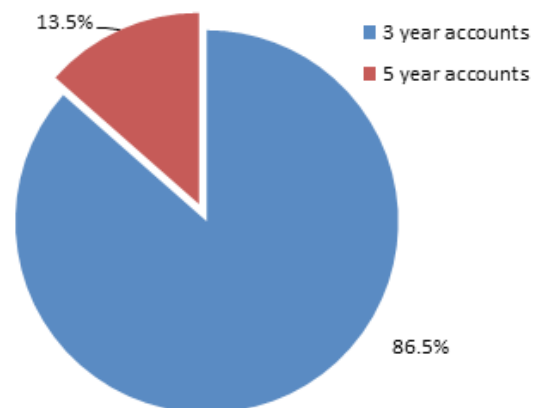
Weighted average monthly savings for all contracts in 2016



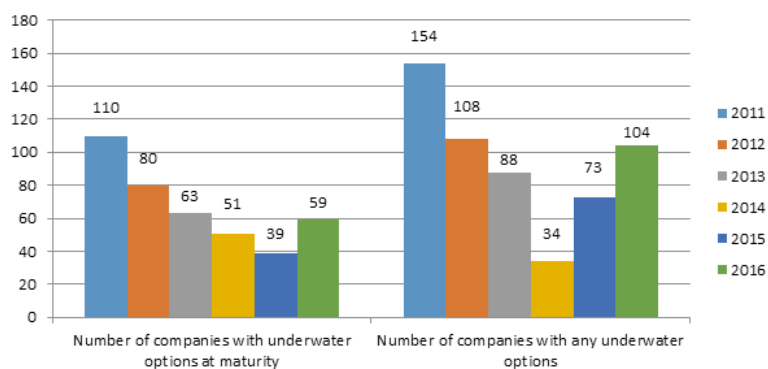
Savings terms for all live grants (as at 31 December 2016)



Savings terms for grants made in 2016



Companies with 'underwater' options



Companies included in the SAYE Survey

423 (489 in 2015) companies were included in the 2016 SAYE survey.

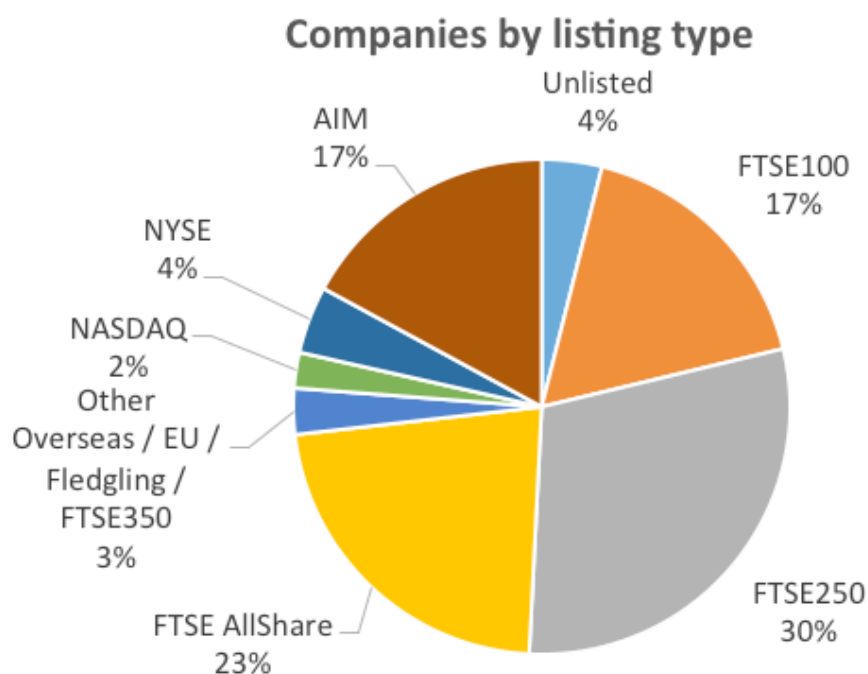
404 (420 in 2015) companies of these companies had live schemes i.e. active accounts with live options).

19 (69 in 2015) companies had open accounts but no live options.

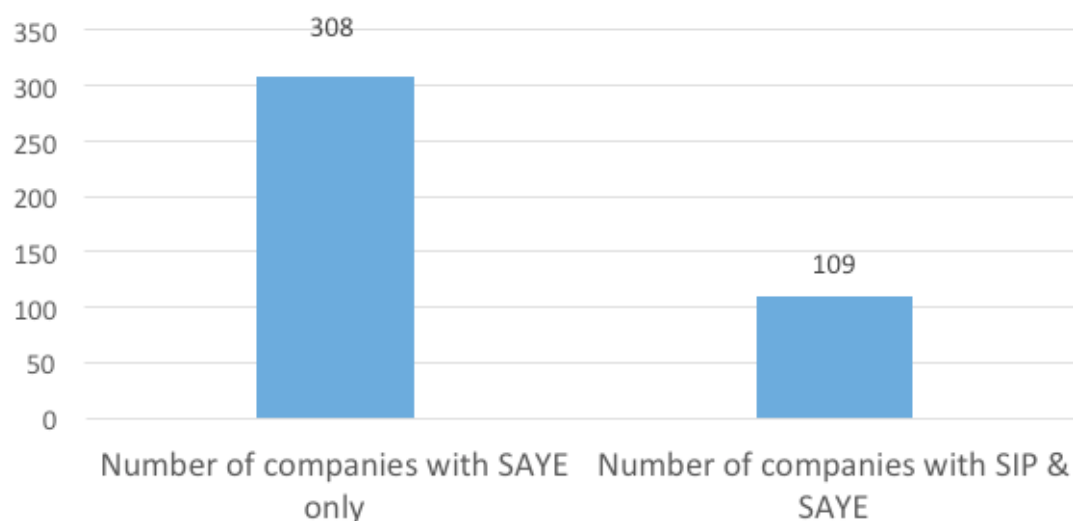
Analysis of companies by listing type

75 (82 in 2015) of the companies were listed on the FTSE 100, and 128 (131 in 2015) on the FTSE 250.

17 (22 in 2015) companies were un-listed overseas.

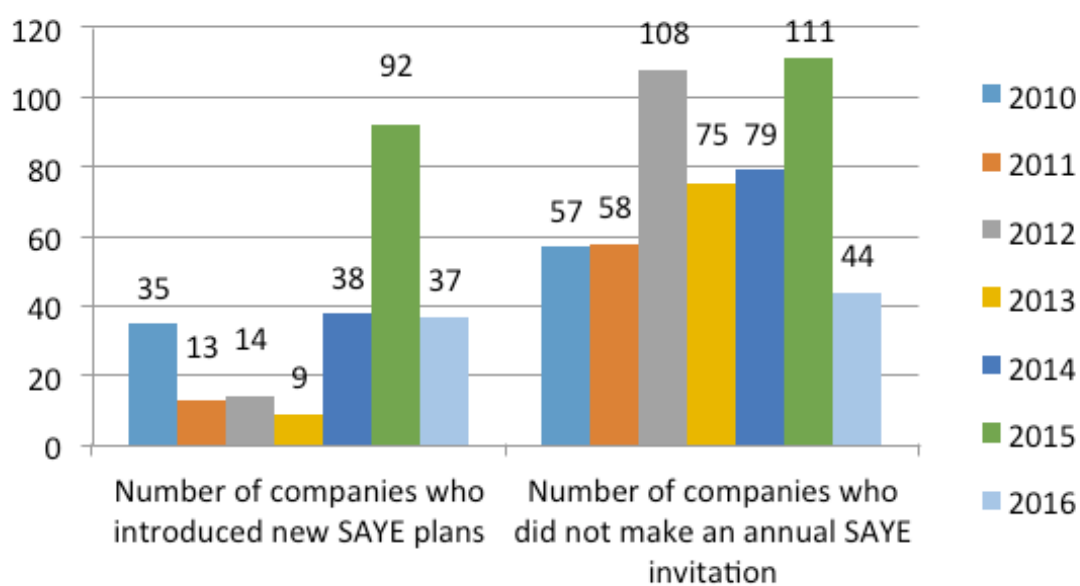


Companies with SAYE and SIP



Consistent with previous years, a much smaller number of companies offered both plans, compared to the number of companies with SAYE only. However, only 6 (from 417) companies introduced and offered SIP instead of an annual SAYE grant in 2016.

New SAYE plans & invitations



There were **356** (330 in 2015) new SAYE grants in 2016.

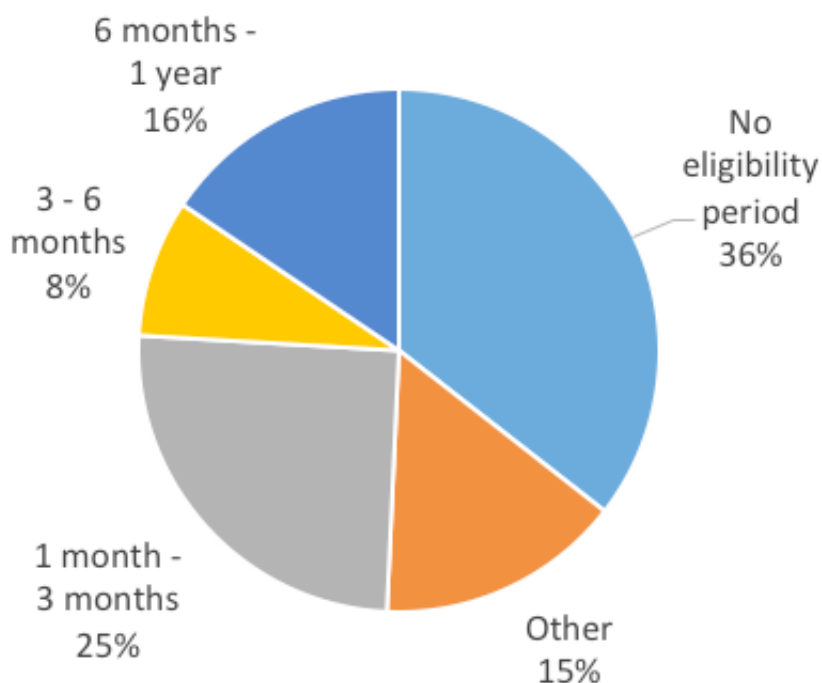
67 companies made amendments in 2016 (35 in 2015, 69 in 2014, 40 in 2013, 18 in 2012).

Reasons given by companies for amendments included:

- Did not launch this year but have in previous years = 25 companies;
- Launched this year but did not launch previously = 25 companies;
- Discount changed = 3 companies;
- Changed eligibility period = 19 companies;
- Removed 5 year plan from launch = 1 company.

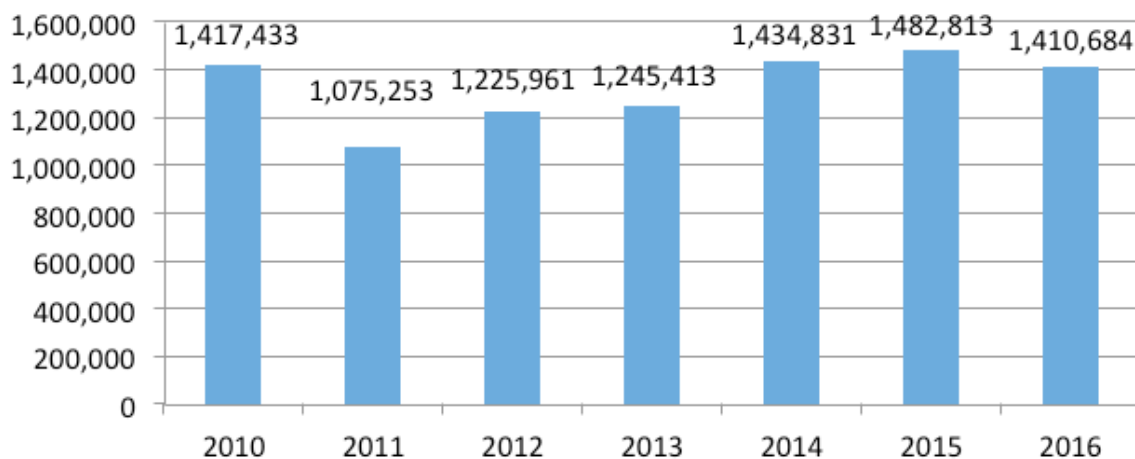
Average eligibility period

This section concerns the number of companies using each eligibility period prior to invitation date. Data was provided for 267 companies in 2016 (305 in 2015). The maximum permissible eligibility period is 18 months.



SAYE Accounts

Number of SAYE Accounts



The overall decrease in the number of accounts from 2010 to 2016 may be due to an employee closing two or more accounts and replacing with a single account. The figure has fallen slightly in 2016 to just over 1.4 million accounts.

Average Monthly Savings – new grants in 2016



The weighted average monthly savings for new grants in 2016 was £126.57, increasing from £119.78 in 2015, and £107 in 2014.

Number of SAYE participants with outstanding options: **787,202** (836,045 in 2015, 812,706 in 2014, 775,690 in 2013; 737,948 in 2012).

Average Monthly Savings & Participation – all grants

A weighted average of **5.91%** of SAYE participants with outstanding options saved the £250 maximum across all grants. This has fallen from 7.31% in 2015, 11.85% in 2014, 21.9% in 2013, 21.81% in 2012 and 22.04% in 2011.

41,803 (a weighted average of **5.31%**) SAYE participants with outstanding options saved the £500 maximum across all grants. In 2015, this figure was 51,513 in 2015 (a weighted average of 6.16%), and in 2014 this figure was 25,632 (a weighted average of 3.15%) SAYE participants.

46,320 SAYE participants with outstanding options saved other maximum amounts:

- 20,372 (Where the maximum was less than £250)
- 25,948 (Where the maximum was more than £250 but less than £500)

In total, a weighted average of **11.22%** (13.5% in 2015 and 20.7% in 2014) of SAYE participants with outstanding options saved the maximum amount they could, across all grants.

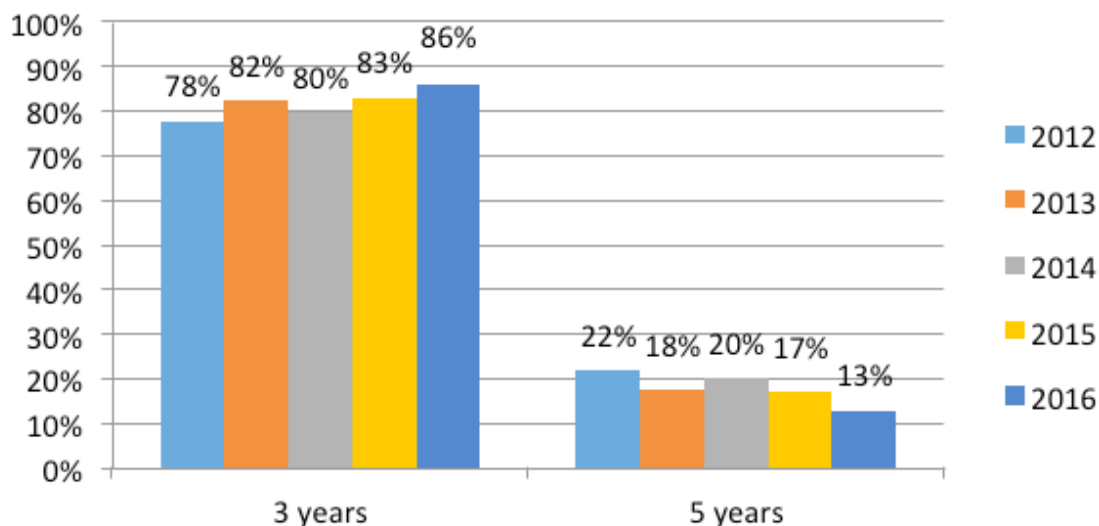
The weighted average monthly contribution per employee across all contracts in 2016 is £158.18. Since 2012, this figure has increased each year:

- £105.83 in 2012
- £107.76 in 2013
- £122.94 in 2014
- £156.23 in 2015.

These figures show that despite fewer employees saving the maximum across all grants (11.2% in 2016; 13.5% in 2015; 20.7% in 2014), the overall average contribution (for new grants in 2016) per employee has risen.

Current Year Take-Up

Take up of 3 year accounts has increased from 83% in 2015 to **86% in 2016**. The percentage of employees joining a 5 year contract fell from 17% in 2015 to **13% in 2016**. It should be remembered that not all employees have a choice of savings term, and in 2016 approximately 58.47% (55.71% in 2015) of companies included in this survey only offered employees a 3 year contract.



2,213,439 employees were eligible to participate in SAYE in 2016 (2,336,281 in 2015; 2,481,068 in 2014; 2,288,312 in 2013).

In 2016, the total number of employees who took up 3 or 5 year contracts has fallen to **497,804** (516,704 in 2015; 576,538 in 2014; 378,420 in 2013).

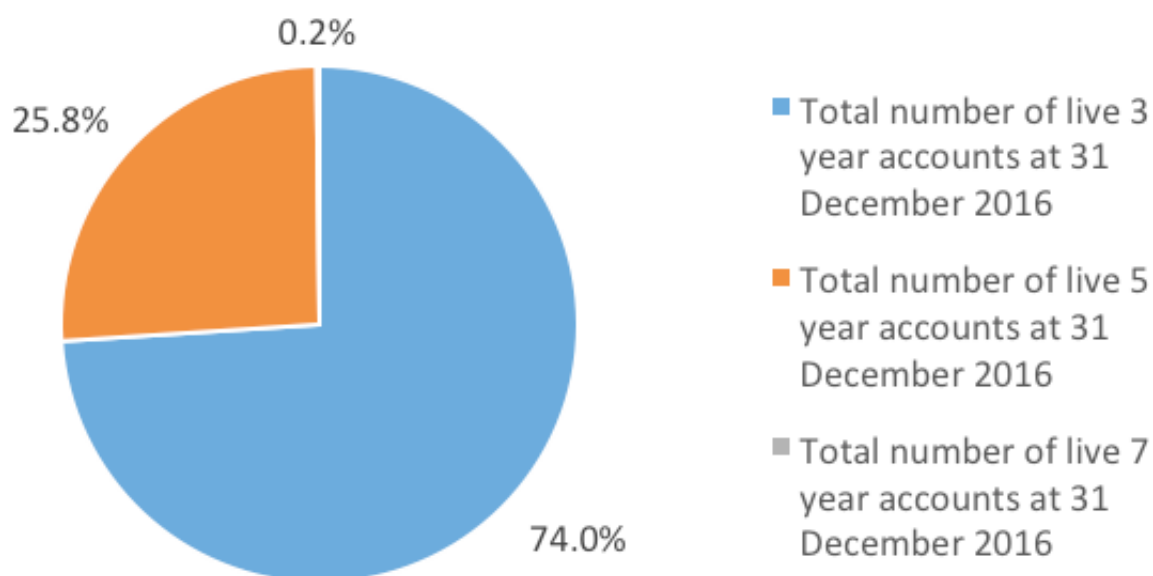
In 2016, the weighted average participation for all eligible employees across all companies was **35.56%**. This figure remains consistent with previous years (35.79% in 2015; 32.76% in 2014).

Number of companies who had to scale back grants in 2016: 15 (21 in 2015).

Number of companies who cap savings levels pre-invitation: 303 (266 in 2015).

- Cap of £250 p.m: 45 (57 in 2015).
- Cap of £500 p.m: 236 (187 in 2015).
- Other cap: 27 (22 in 2015).

Most popular savings term overall by number of live savings accounts

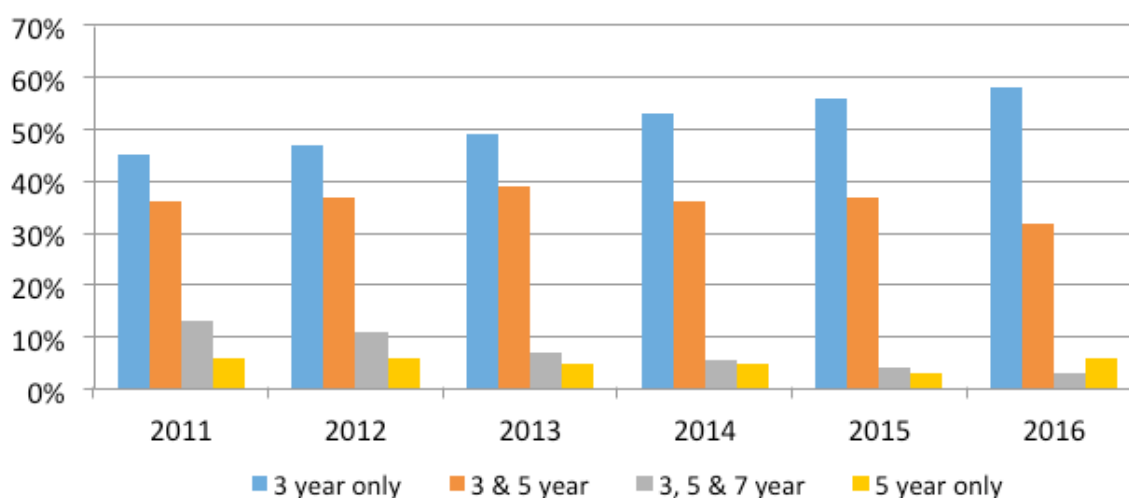


- Total number of live 3 year accounts at 31st December = 1,032,986 (2015 = 1,038,552).
- Total number of live 5 year accounts at 31st December = 360,770 (2015 = 303,600).
- Total number of live 7 year accounts at 31st December = 2,633 (2015 = 2,085).

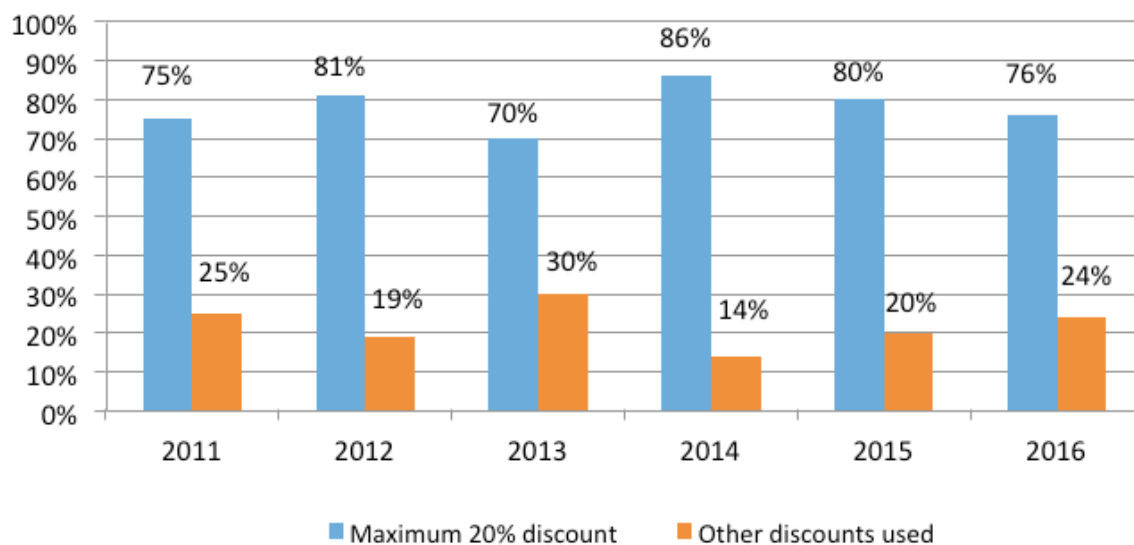
Most popular combination of savings terms offered by companies

There was an increase in the number of companies offering '3 year only' contracts and '5 year only' contracts in 2016. There was a small decrease in companies offering '3 and 5 year only' contracts. These small year-on-year changes may be down to the underlying make-up of the companies included in the survey.

Savings terms offered by all companies across all live accounts



Option price discounts offered by companies



The majority of companies continue to offer the maximum option price discount. In 2016, 213 (76%) companies offered the maximum 20% discount, compared to 253 companies (80%) in 2015.

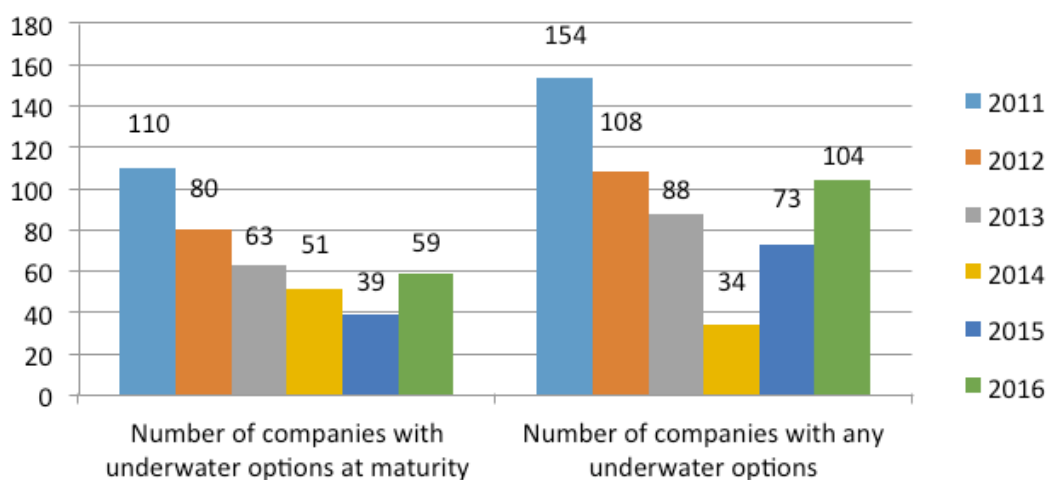
68 companies offered discounts other than the maximum 20% in 2016:

- 18 companies offered a 15% discount;
- 20 companies offered a 10% discount;
- 3 companies offered a 5% discount; and
- 13 companies offered other discounts



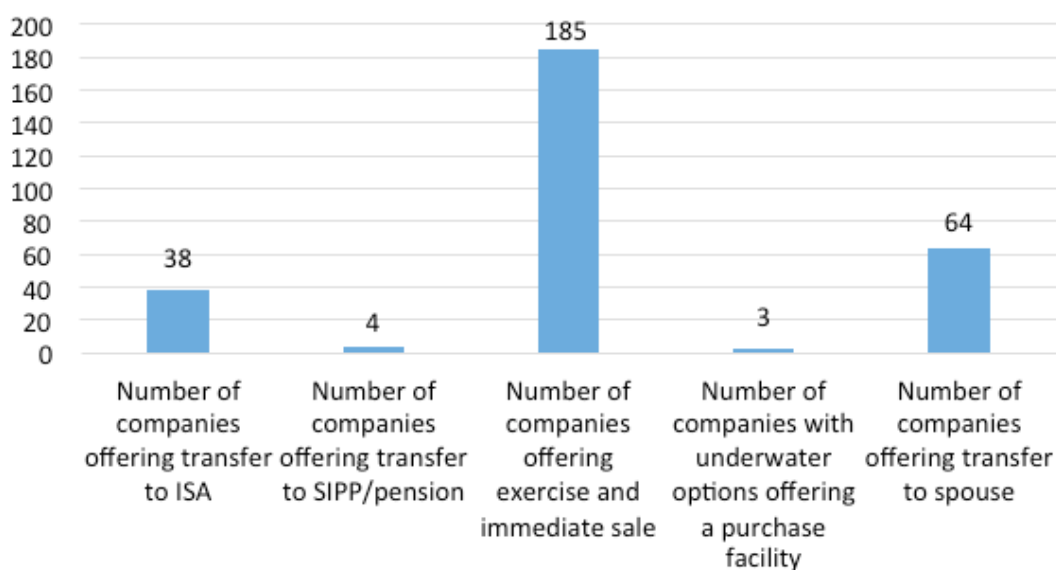
SAYE Maturities in 2016

The total number of companies with underwater options at maturity in 2016 was 59. This has increased from 39 in 2015. The total number of companies with live contracts underwater in 2016 increased to 104, after a sharp rise in 2015 to 73 (from 34 in 2014).



A total of 46 companies had employees impacted by CGT at maturity in 2016 (82 in 2015; 54 in 2014; 67 in 2013; 71 in 2012).

Choices offered to employees on SAYE maturity in 2016



Three companies (4 in 2015) with underwater options offered a purchase facility on maturity in 2016. The number of companies offering a transfer to a SIPP stays at 4 in 2016 (as in 2015).

The total number of accounts that were closed prior to maturity was **207,159** (excludes those that were exercising early) in 2016.

In previous years this figure was: 176,437 in 2015; 169,845 in 2014 and 87,795 in 2013.

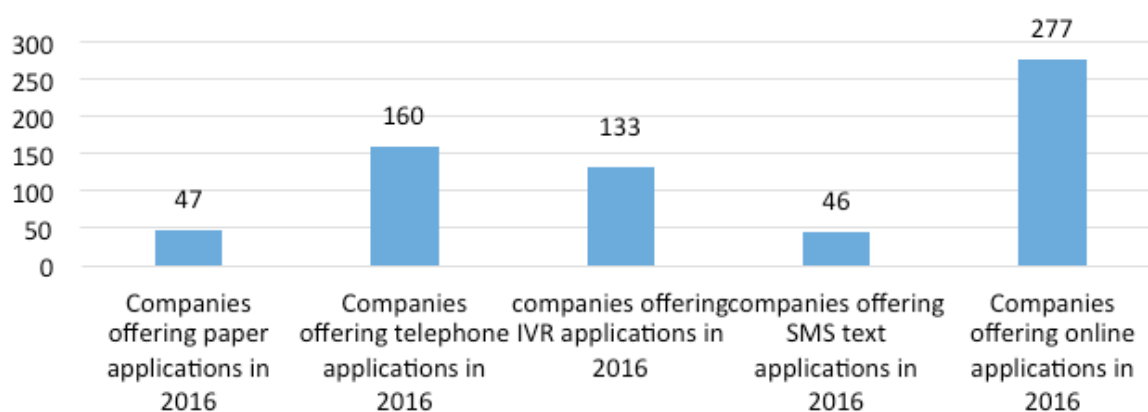
- 291 companies had an SAYE maturity in 2016 (301 in 2015; 317 in 2014; 342 in 2013; 290 in 2012; 332 in 2011).
- 39,162 accounts were closed at early exercise in 2016 (30,762 in 2015; 48,651 in 2014 and 25,713 in 2013).
- 207,159 accounts were closed before reaching maturity (excluding early exercise of options) in 2016 (176,437 in 2015)

Retention of shares on option maturity

- Average percentage of employees who exercised and sold some or all shares through an immediate sale facility in 2016: **45.4%** (data provided by 5 of the 6 administrators). This was 32% in 2015, 30% in 2014, and 41.2% in 2013.
- **3.12%** of employees (24,564 of 787,200 SAYE participants with outstanding options) failed to take any action during the exercise period (above-water options).

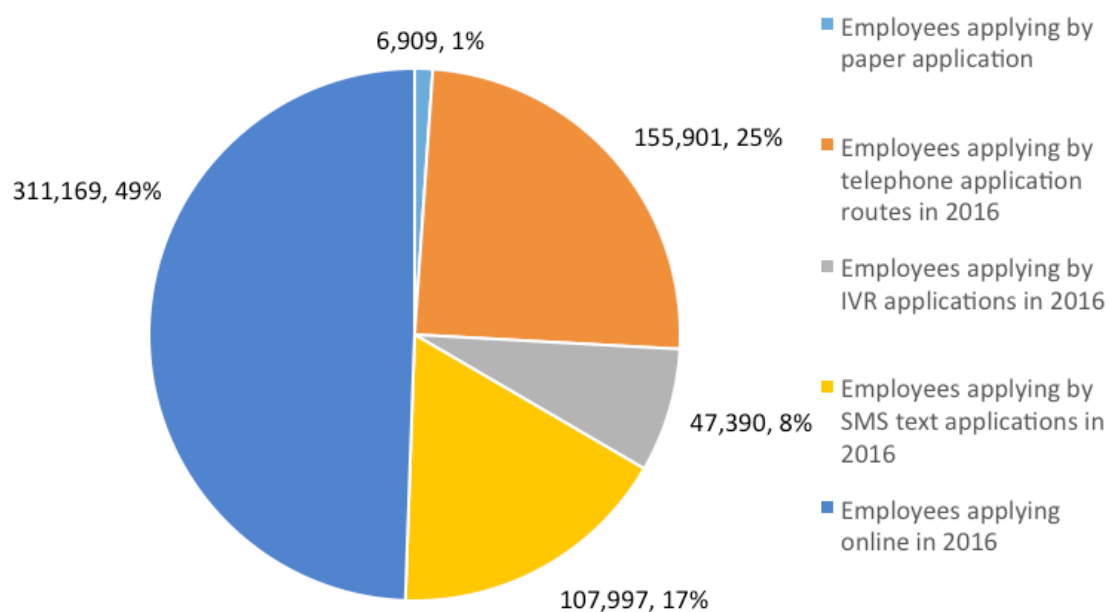
Applications

- Companies offering paper applications in 2016: **47** (11.63% of companies with live schemes). In 2015, 89 (21%) of companies with live schemes offered paper applications.
- Companies offering telephone applications in 2016: **160** (39.6% of companies with live schemes). 176 (41.9% of companies with live schemes) companies offered telephone applications in 2015.



- **133** (32.9%) companies offered IVR applications in 2016, compared to 159 (37.8%) in 2015.
- **46** (11.3%) of companies offered SMS text applications in 2016, compared to 58 (13.8%) in 2015.
- The number of companies offering online applications in 2016: **277** (68.6% of companies with live schemes). 295 (70.2% of companies with live schemes) offered online applications in 2015.

Employee Applications



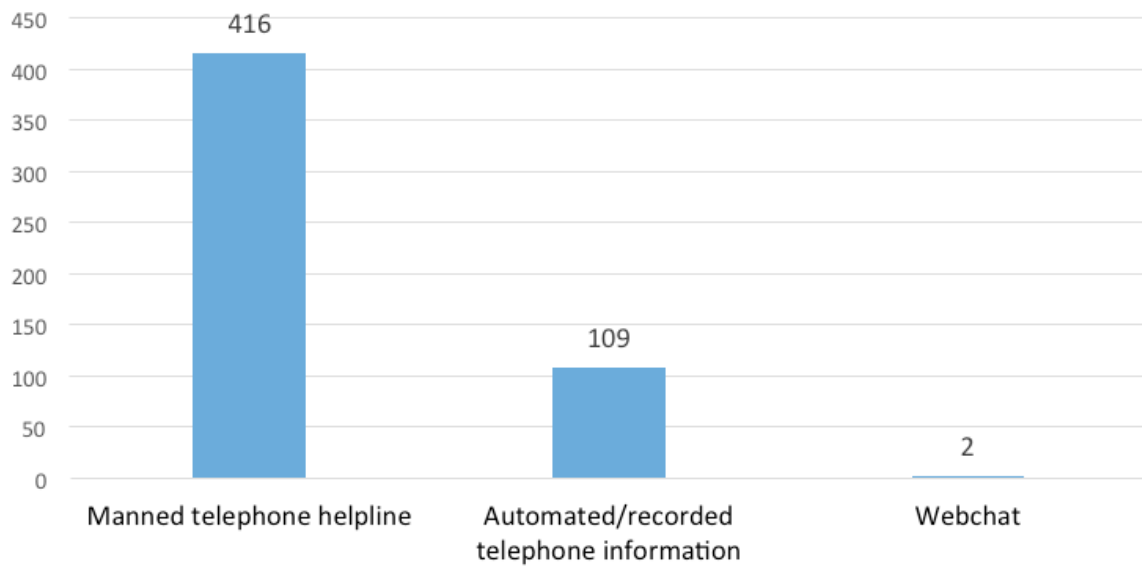
- Employees applying by paper application in 2016: **6,909** (1%).
- Employees applying by telephone application in 2016: **155,901** (25%).
- Employees applying by IVR applications in 2016: **47,390** (8%).
- Employees applying by SMS text applications in 2016: **107,997** (17%).
- Employees applying online in 2016: **311,169** (49%).

Extending SAYE globally

These are companies who have extended or already operate SAYE beyond the UK (on a non-tax-advantaged basis):

- EU: 29 companies (49%). This has decreased from 56% in 2015.
- Other jurisdictions: 30 companies (51%).

Support routes offered by companies / their plan administrators to employees



- In 2016, manned telephone helplines accounted for 79% (90.2% in 2015) of the support routes.
- In 2016, 109 (20.7%) companies reported offering automated or recorded telephone information to employees, compared to 39 (9.5%) in 2015.

The SIP Survey 2016: Introduction

SIP Overview

The Share Incentive Plan is a tax-advantaged plan that offers Income Tax and National Insurance advantages for employees and companies, provided the plan meets the requirements of Schedule 2 of the Income Taxes (Earnings & Pensions) Act 2003 and is also registered and reported via HMRC's ERS Online filing service. Introduced in the Finance Act 2000 after an intensive consultation process, it is a broad-based plan designed to encourage more companies to offer shares to all their employees on a tax-efficient basis.

The SIP legislation provides for four types of Plan shares to be used:

- **Free Shares** – employers can give each employee Free Shares worth up to £3,600 each year, free of Income Tax and National Insurance.
- **Partnership Shares** – employees can use up to £1,800 a year from pre-tax and pre-National Insurance salary to buy Partnership Shares. An annual limit means that employees can top up their contributions in months where they receive a bonus, for example
- **Matching Shares** – employers can give Matching Shares at a ratio of up to two Matching Shares for each Partnership Share bought by the employee.

Various combinations of types of Plan shares can be used, for example Free Shares only, or Partnership with or without Matching Shares, to suit the business needs of the company.

As well as being able to choose between the above types of plan shares to build a plan that suits its business needs, employers can also include other optional features, such as:

- **Eligibility criteria** – companies may prescribe a period of up to 18 month employment before employees become eligible to participate in a SIP.
- **Performance-related awards** – companies may link the award of Free Shares to performance measures.
- **Dividend Reinvestment Plans (DRIPs)** – companies may allow employees to use their dividends to purchase further Plan shares instead of receiving cash. These are called:
- **Dividend Shares**. The company can choose to offer the DRIP on an optional or compulsory basis.
- **Forfeiture** – companies may make employees give up some or all of their Free or Matching Shares if they leave, for certain reasons, within three years of the award date.
- **Holding periods** – Free and Matching Shares must stay in the plan for three years but companies can require employees to hold these in the plan for up to five years. Dividend Shares need only be held for three years before becoming tax-free.

SIP Survey Methodology

The ProShare SIP survey analyses the features of SIP plans by asking the principal SIP administrators to complete a questionnaire on the plans they administer. The focus of the survey has changed over the years, however comparisons are made with results from previous years wherever possible.

The results do not include SIPs run by other administrators and SIPs that are administered by companies in-house. The majority of these SIPs will be for smaller companies.

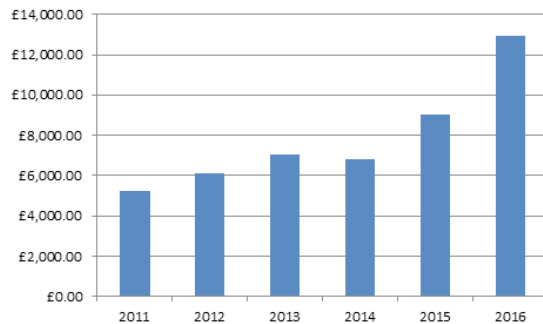
Acknowledgments

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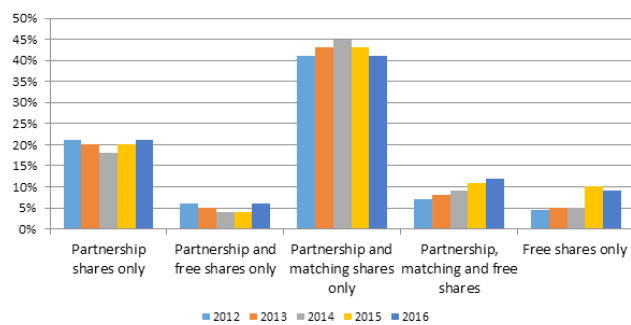
- Barclays Global Stock & Rewards Services
- Capita Asset Services
- Computershare
- Conduent HR Services (known previously as Xerox)
- Equatex
- Equiniti
- The RM2 Partnership (participating in this survey for the first time)
- Solium
- YBS Share Plans

SIP Key Findings for 2016

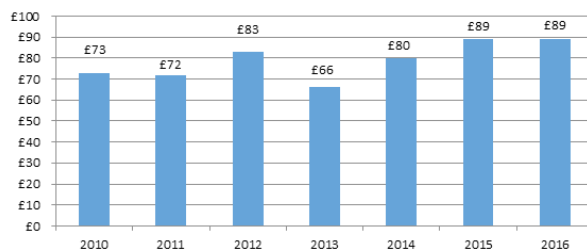
Average SIP holding value per employee



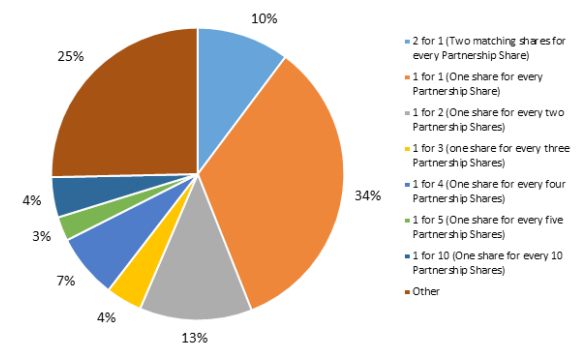
Combination of SIP elements offered



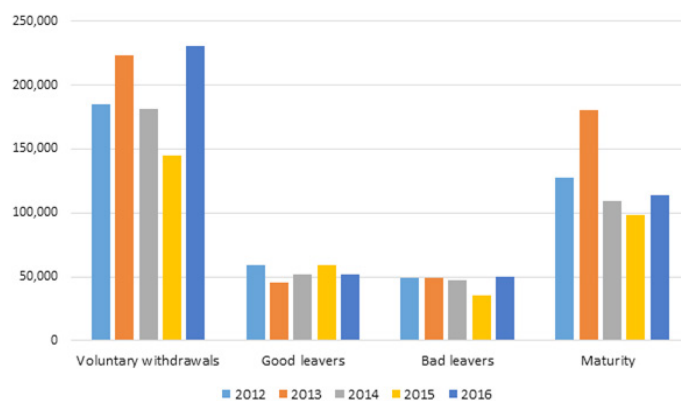
Average monthly Partnership shares investment



Basis for Matching shares ratio in 2016

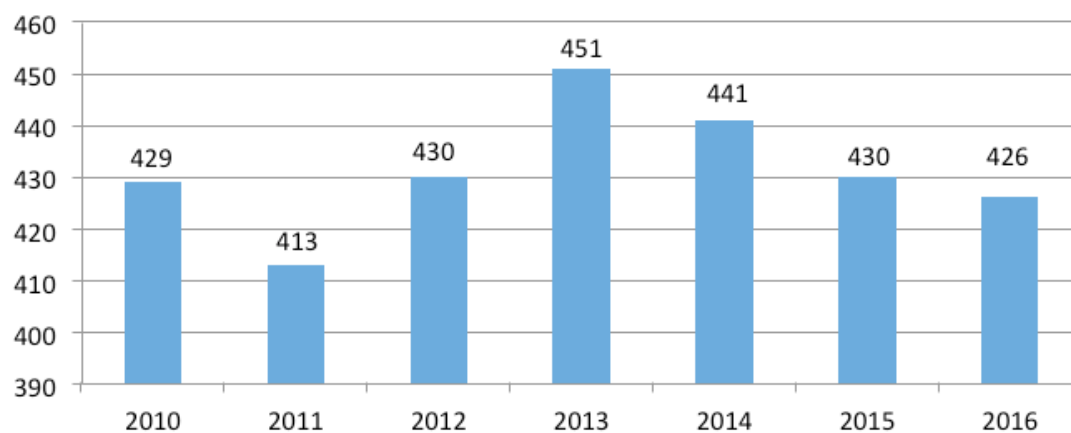


Withdrawals from SIP in 2016

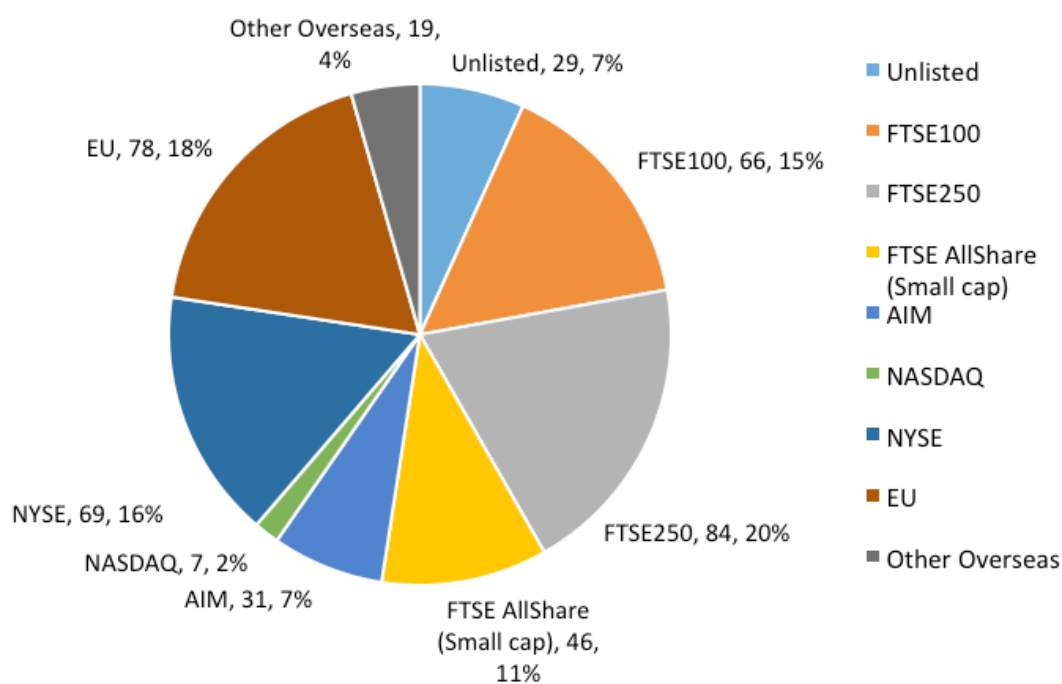


Companies Included in the SIP survey

426 companies were included in the 2016 SIP survey, compared to 430 in 2015.

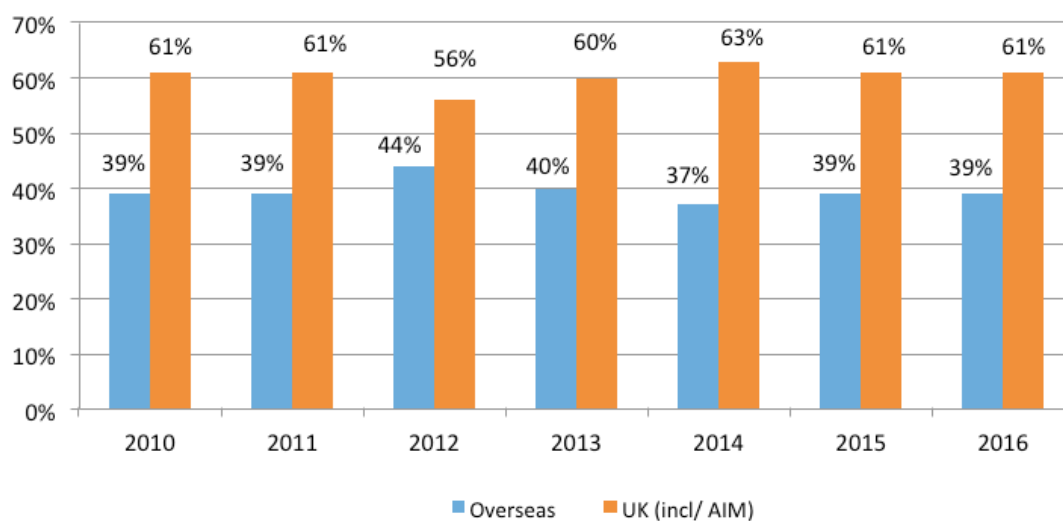


Companies by Type



- **16%** of companies are listed on the NYSE (17% in 2015).
- **15%** of companies are members of the FTSE100 (14% in 2015).
- **20%** of companies are members of the FTSE250 (19% in 2015).
- **7%** of companies are unlisted (6% in 2015).
- **11%** of companies are listed on the FTSE AllShare (13% in 2015).
- **7%** of companies are listed on the AIM (7% in 2015).

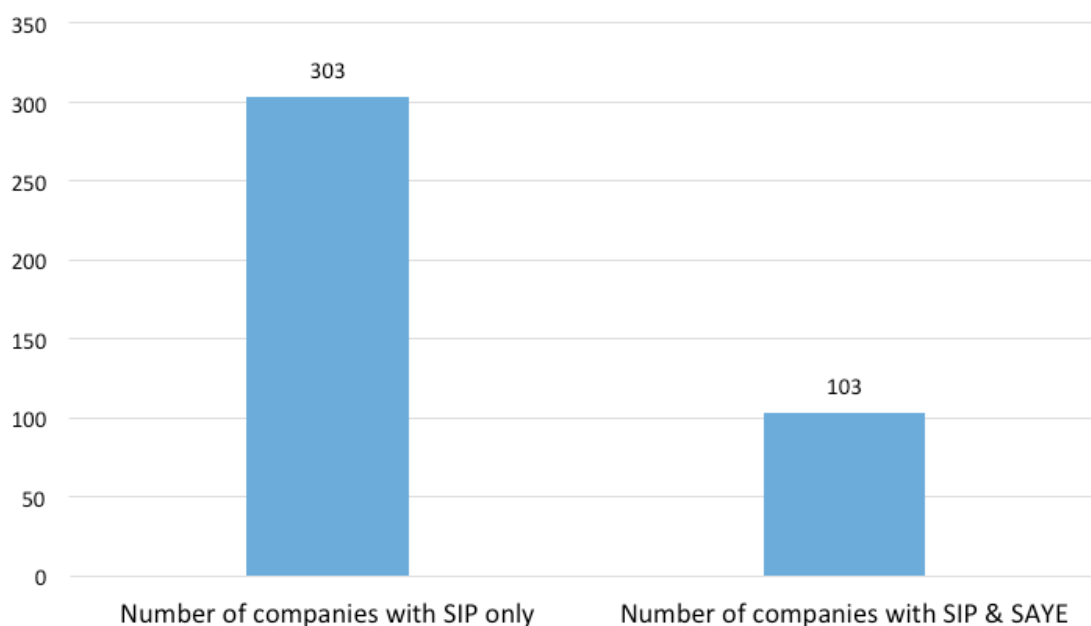
UK and Overseas Breakdown



Incidence of SIP and SAYE in 2016

303 (74.6%) of companies offered a SIP only in 2016, compared to 306 companies (74.4%) in 2015, and 306 (75.2%) in 2014.

SAYE and SIP

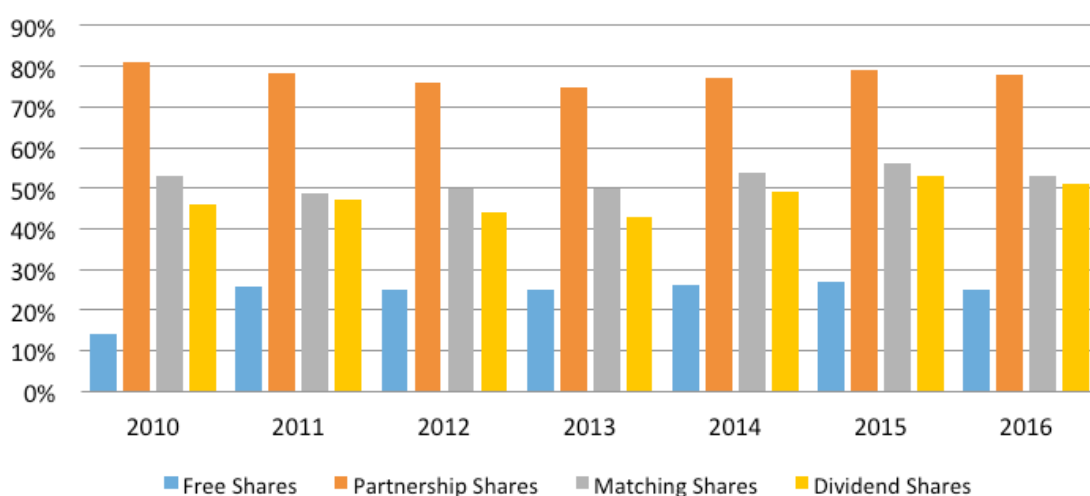


28 companies in 2016 launched or amended/enhanced their SIP instead of an SAYE invitation.

Average SIP Value per Employee

- The weighted average value per participant of SIP holding (including Partnership, Matching Free & Dividend Shares) based on the share price as at 31st December 2016 was £12,925.82.
- This value has increased from £9,036.26 in 2015.
- Previous weighted averages include £6,800.72 in 2014, £7,028.57 in 2013; £6,131.88 in 2012; £5,229.67 in 2011; £2,939.06 in 2010; and £4,563.29 in 2009.
- The weighted average value was calculated using data provided by 8 administrators and 1,028,255 SIP participants SIP participants (in 2015 this figure was calculated using data from 7 administrators and 1,016,210 SIP participants).

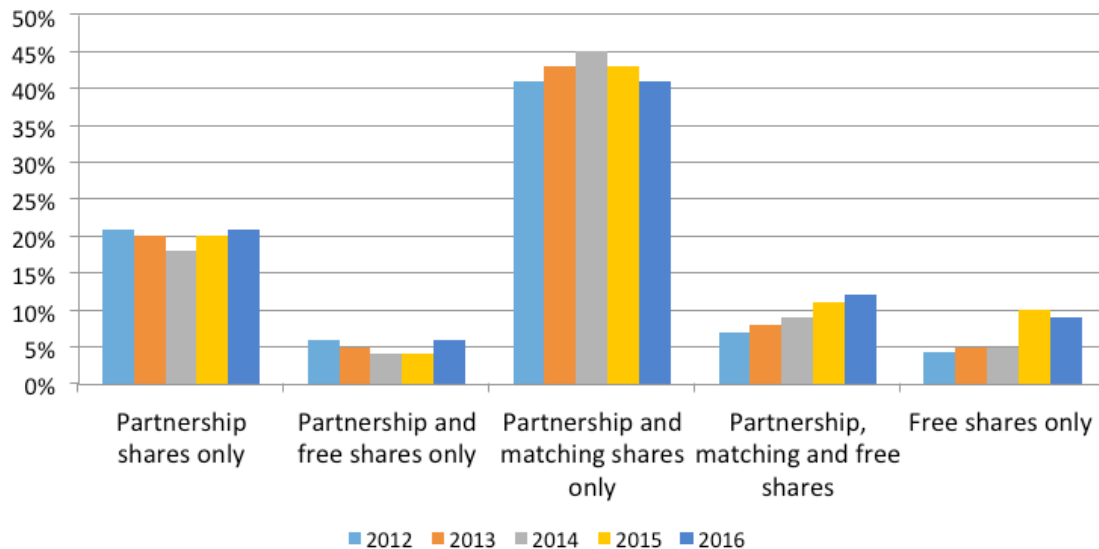
Type of Shares Offered



Partnership Shares remain the most widely offered shares. In 2016 there were no significant changes to the percentage of companies offering Free, Dividend, Partnership and/or Matching shares, compared to 2015.

Most Popular Combinations of Shares Offered

In 2016, the most popular combination of SIP share elements offered remains 'Partnership and Matching Shares only' followed by 'Partnership Shares only'. The offer of 'Partnership and matching shares only' has increased by 2% in 2016, from 2015. Overall, the numbers remain similar to 2015.



Overall Employee Participation

In total, administrators provided data for **426** companies in 2016 (430 in 2015, and 441 in 2014) for whom they act as SIP administrators.

Administrators provided data for 'the total number of employees participating in any element of SIP (even if only Free Shares)'. The data showed that **1,028,255** (1,016,210 in 2015; 1,070,486 employees in 2014 and 1,089,810 in 2013) from 426 companies participated in a SIP.

From the data provided by the 8 administrators the following calculations were made:

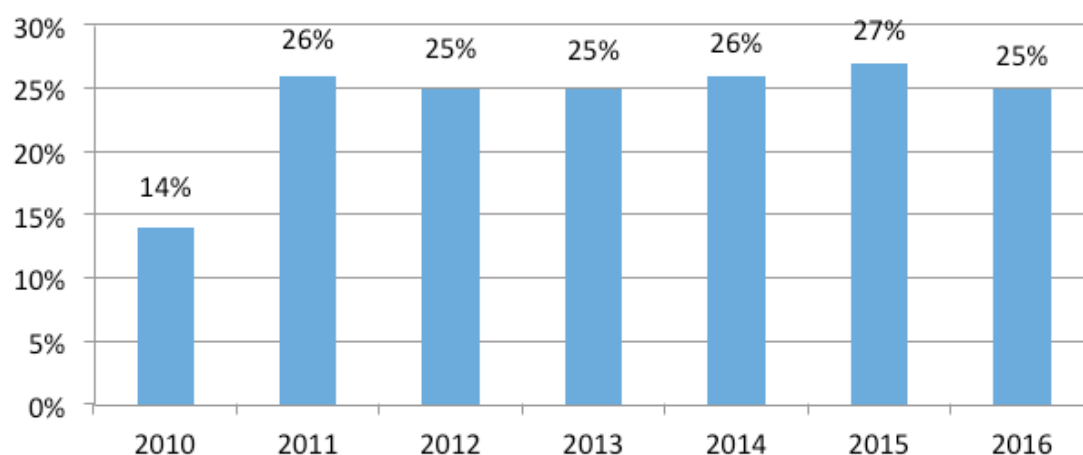
- Total number of employees eligible to participate in SIP: **3,035,610 from 426 companies** (2,845,292 from 430 companies in 2015; 2,797,062 from 441 companies in 2014 and 2,736,856 from 451 companies in 2013).
- The weighted average participation level is: **29.24%** (30.67% in 2015; 32.7% in 2014 and 36.4% in 2013).

Free Shares

Overview

- The number of companies offering Free Shares in 2015 was **107 (25.1%)**, compared to 118 (27.4%) in 2014, 113 (26%) in 2013 and 106 (24%) in 2012.
- The number of companies who offered Free Shares in previous years but not in 2016: **92** (112 in 2015, and 111 in 2014).

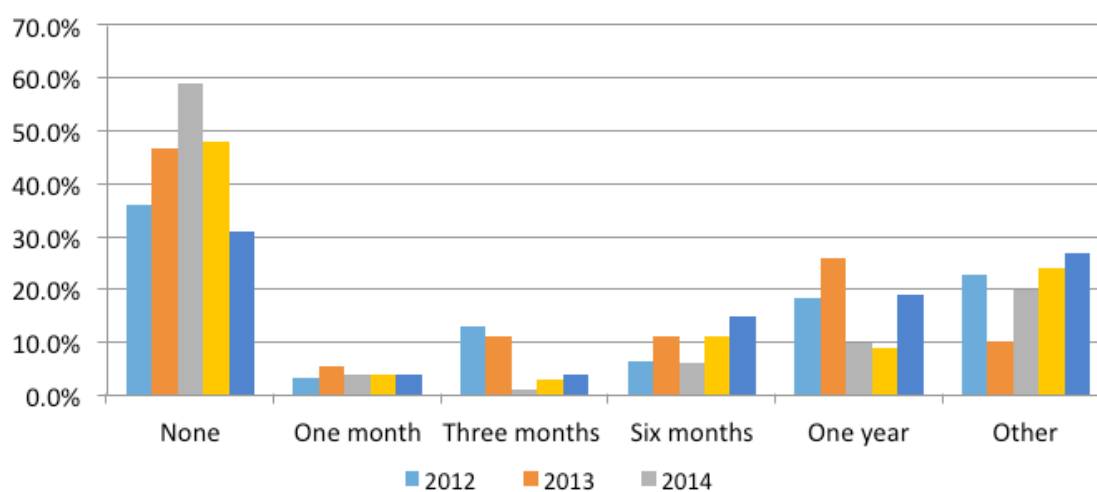
Companies Offering Free Shares



Free Shares: Eligibility / Service Period Required for Awards in 2016

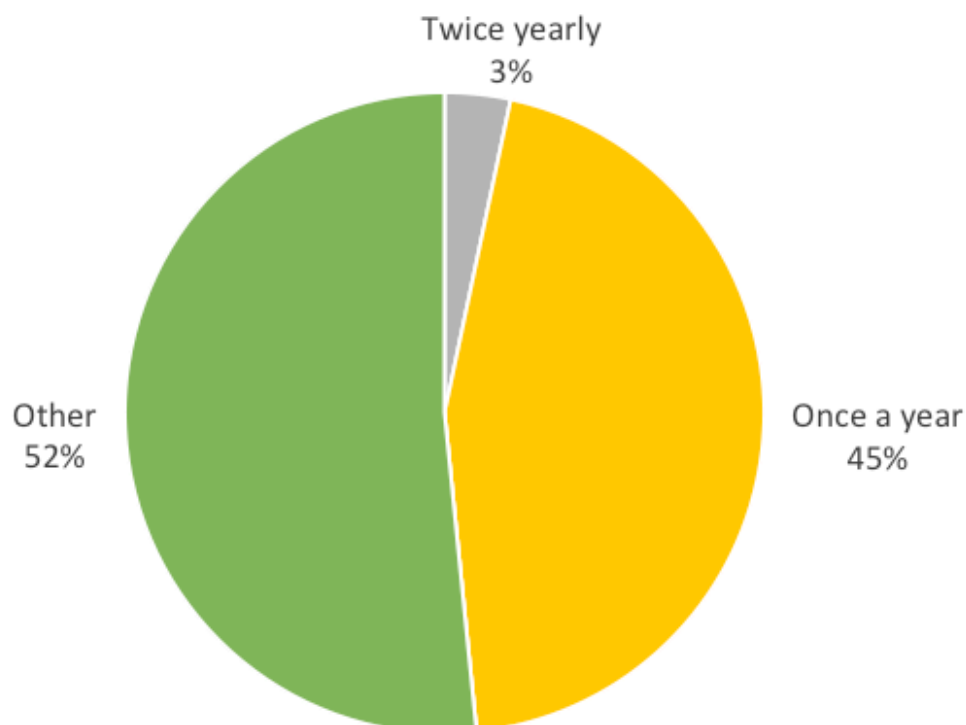
In 2016 data on 'Eligibility Periods for Free Shares' were provided for 83 companies. The changes in 2016 may reflect differences in the composition of companies included in the survey.

Eligibility Periods for Free Shares



Free Shares – Regularity of Awards

The number of companies offering Free Shares for each time period.



- **81** companies operated forfeiture of Free Shares in 2016 (88 in 2015; 112 in 2014 and 73 in 2013).
- **298,202** (497,488 in 2015; 526,605 in 2014 and 550,270 in 2013) employees were awarded Free Shares in 2016.
- Data showed there were **350,092** (638,659 in 2015; 542,409 in 2014 and 592,010 in 2013) employees eligible to participate in Free Shares in 2016.
- **22** companies offered the maximum value of Free Shares in 2016 (61% of companies offering free shares) compared to 22 companies (34%) in 2015. 28 companies made as awards close to the £3,600 limit as possible in 2014 (24.8% of companies offering Free Shares) and 29% (31 companies) in 2013.
- The weighted Average value of Free Shares awarded in 2016, as at 31st December 2016, was £713.36 (£740.24 in 2015; £455.45 in 2014 and £983.01 in 2013).
- The average award value of all Free Shares awarded including 2016, as at date of awards, was £1,412.07 (£3,049.98 in 2015; £1,653.29 in 2014 and £3,261 in 2013).

Partnership Shares

Overview

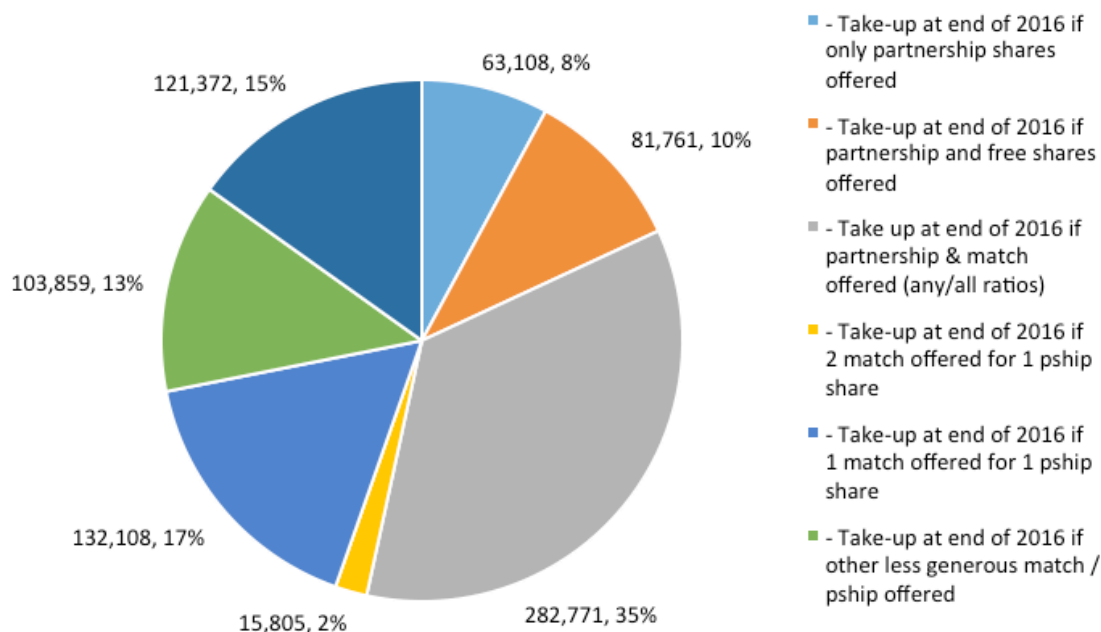
78% of companies surveyed offered Partnership Shares in 2016 (79% in 2015; 77% in 2014 and 74.7% in 2013).

- Number of companies offering maximum value of Partnership Shares in 2016:
 - » Capped at old statutory limit of £1,500 p.a. = **36** companies (70 in 2015).
 - » Applying statutory limit of £1,800 p.a. = **236** companies (231 in 2015).

Average Monthly Investment

- The total number of participants contributing to Partnership Shares at end of 2016: **300,929** (data were provided by 6 of the 8 administrators). This figure was 294,688 in 2015; 447,546 in 2014 and 429,510 in 2013.

Take up at end of 2016 (any/all elements offered)

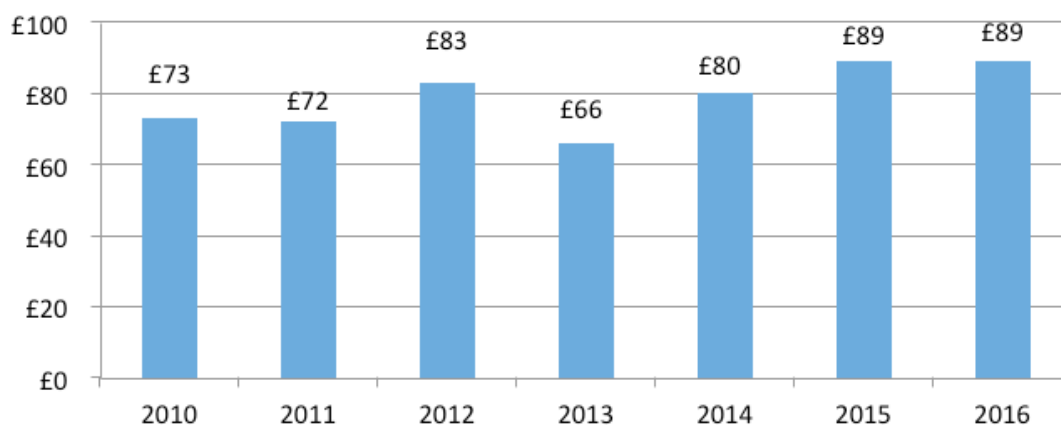


- Total number of employees eligible to participate in Partnership Shares in 2016: **2,350,926** (2,314,395 in 2015; 2,189,448 in 2014 and 2,390,605 in 2013).
- The number of companies who offer the opportunity for lump sum /'top-up' contributions e.g. towards tax year end, or around bonus time: **87 of 331** (84 of 340 in 2015; 113 of 341 in 2014 and 72 of 337 in 2013).

Weighted average monthly amount contributed during 2016

The weighted average monthly investment has fallen slightly to £88.74, but still remains high compared to 2013 and 2014 as shown in graph below (£89.30 in 2015 and £79.71 in 2014).

Average monthly investment

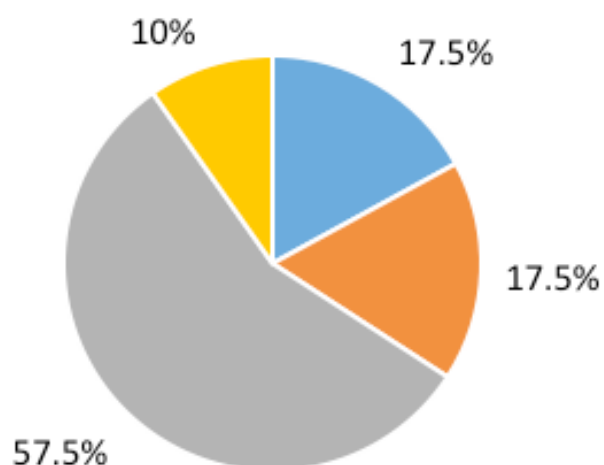


Monthly Purchase or Accumulation Period

From the 40 companies (45 in 2015; 46 in 2014; 83 in 2013) operating an accumulation period (other than monthly / 4 weekly) in 2016, the breakdown of the number of companies using each type of accumulation period is as follows:

- **17.5%** for 3 months (12% in 2015; 10% in 2014; 19% in 2013).
- **17.5%** for 6 months (16% in 2015; 17% in 2014; 21% in 2013).
- **57.5%** for 12 months (58% in 2015; 32% in 2014; 29% in 2013).

Accumulation Period



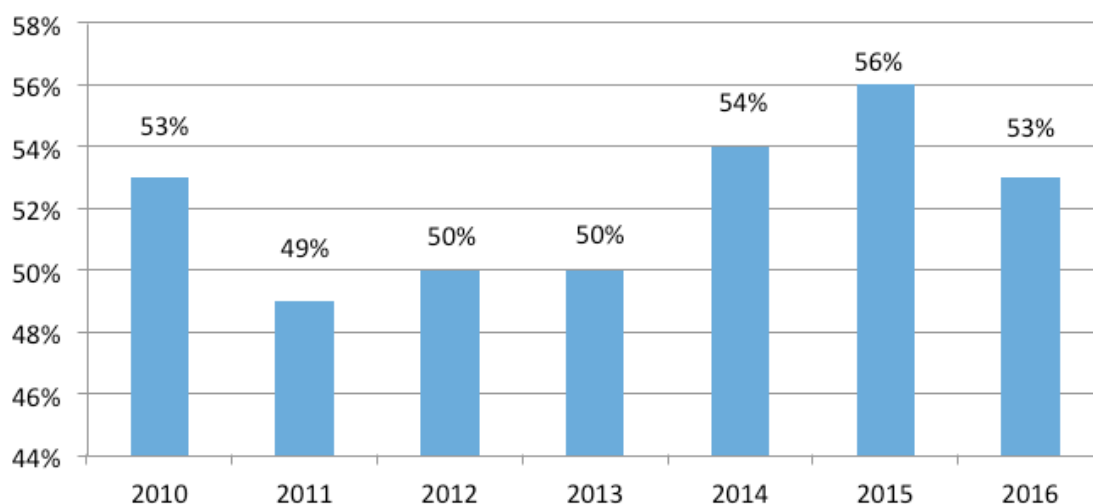
- Companies using monthly contribution in 2016 = **300** (305 in 2015; 321 in 2014).
- Companies using percentage of salary in 2016 = **43** (39 in 2015; 71 in 2014).
- Companies using monthly purchase in 2016 (the number of companies who buy shares on a monthly basis) = **268** (249 in 2015; 279 in 2014).
- Companies using accumulation fund in 2016 (the number of companies who buy shares over a different period) = **40** (45 in 2015; 46 in 2014).

Matching Shares

Overview

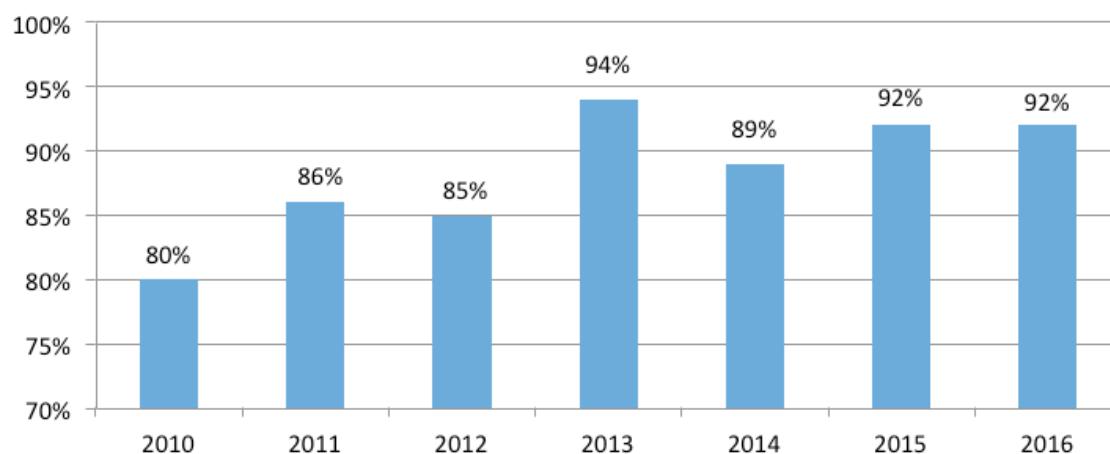
The proportion of companies offering Matching Shares has fallen to **53%** in 2016, from 56% in 2015 (54% in 2014 and 50% in 2013).

Percentage of Companies Offering Matching Shares



Matching Shares - Forfeiture

Companies operating forfeiture conditions for matching shares in 2016.



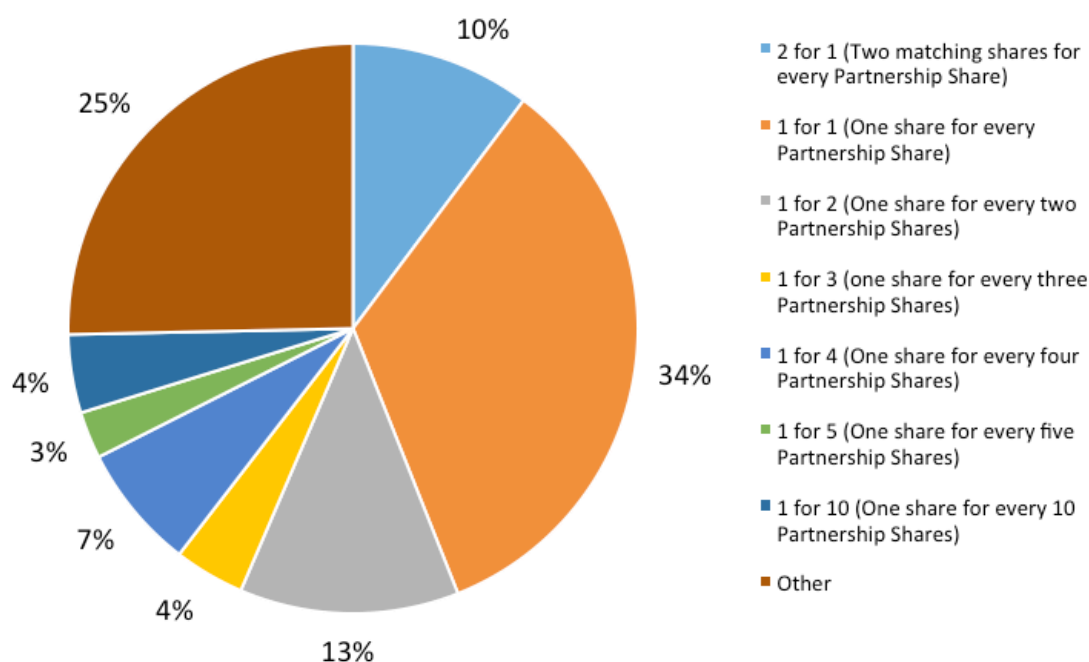
There was very little change between 2011 and 2012. 85% of companies incorporated forfeiture conditions attached to their Matching Shares in 2012. This increased in 2013 to 94%, fell to 89% in 2014, and then increased to **92%** (2015 and 2016).

- **225** companies offered matching shares in 2016. **23** companies have a holding period of more than 3 years.

Matching Shares –Basis for Match

As in 2015, the most popular match is 1 for 1 (one Matching Share for every Partnership Share purchased) in 2016. In 2015, almost 25% of SIPs offered this option. In 2016 this has continued to rise, to around 34%.

2016 Matching Shares: Basis for Match



Breakdown of the Number of Companies Offering Various Matching Ratios

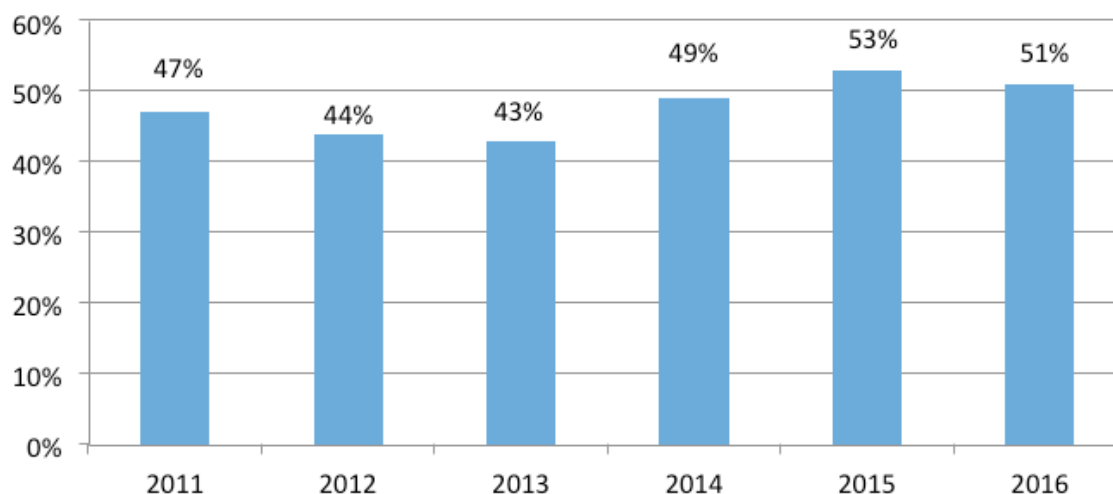
Matching basis in 2016	FTSE 100	FTSE 250	Other	Total
2 for 1 (Two matching shares for every Partnership Share)	3	7	13	23
1 for 1 (One share for every Partnership Share)	12	16	48	76
1 for 2 (One share for every two Partnership Shares)	4	3	21	28
1 for 3 (one share for every three Partnership Shares)	0	2	7	9
1 for 4 (One share for every four Partnership Shares)	4	2	10	16
1 for 5 (One share for every five Partnership Shares)	1	0	5	6
1 for 10 (One share for every 10 Partnership Shares)	2	4	4	10
Other	13	6	38	57

Dividend Shares

Overview

In 2013 43% (194 companies) offered Dividend Shares. This increased in 2014 to 49% (216 companies), and 53% (229 companies) in 2015. In 2016 fewer companies (**217 companies**) and a slightly smaller percentage (**51%**) offered Dividend Shares.

Companies Offering Dividend Shares

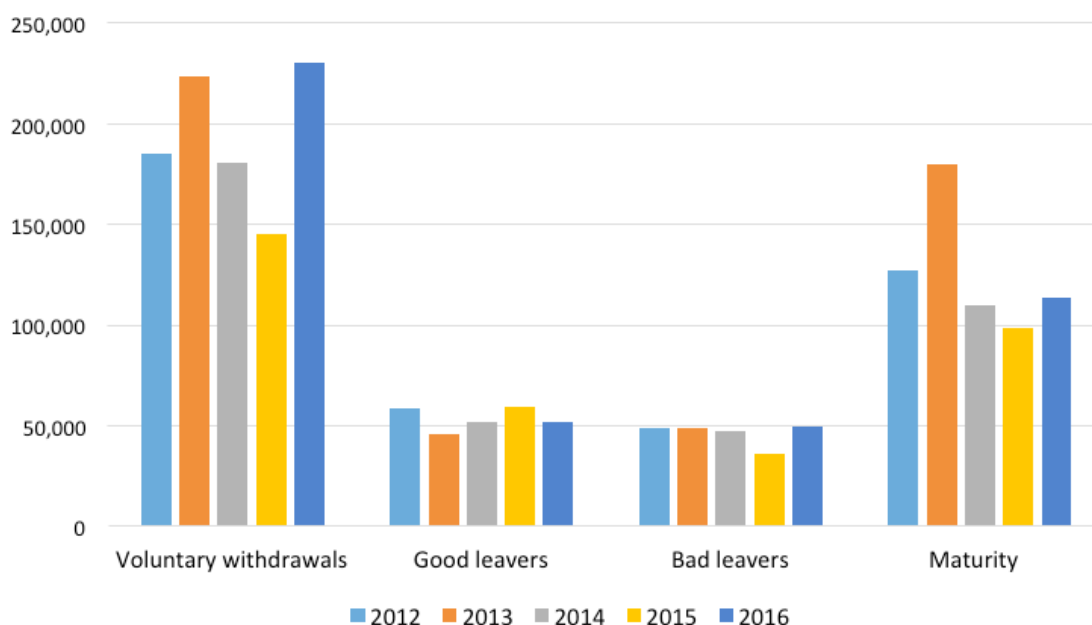


- Companies offering compulsory Dividend Reinvestment in 2016: **135** (152 in 2015; 144 in 2014; 130 in 2013; 127 in 2012).
- Companies offering voluntary Dividend Reinvestment in 2016: **80** (69 in 2015; 74 in 2014; 64 in 2013; 60 in 2012).
- The average percentage take up of Dividend Reinvestment where this is voluntary was **44.12%** in 2016 (40.88% in 2015; 37.5% in 2014; 59% in 2013; 48% in 2012).
- Companies with an existing SIP that introduced a DRIP in 2016: **6** (6 in 2015; 6 in 2014; 8 in 2013; 2 in 2012).

SIP Share Withdrawals

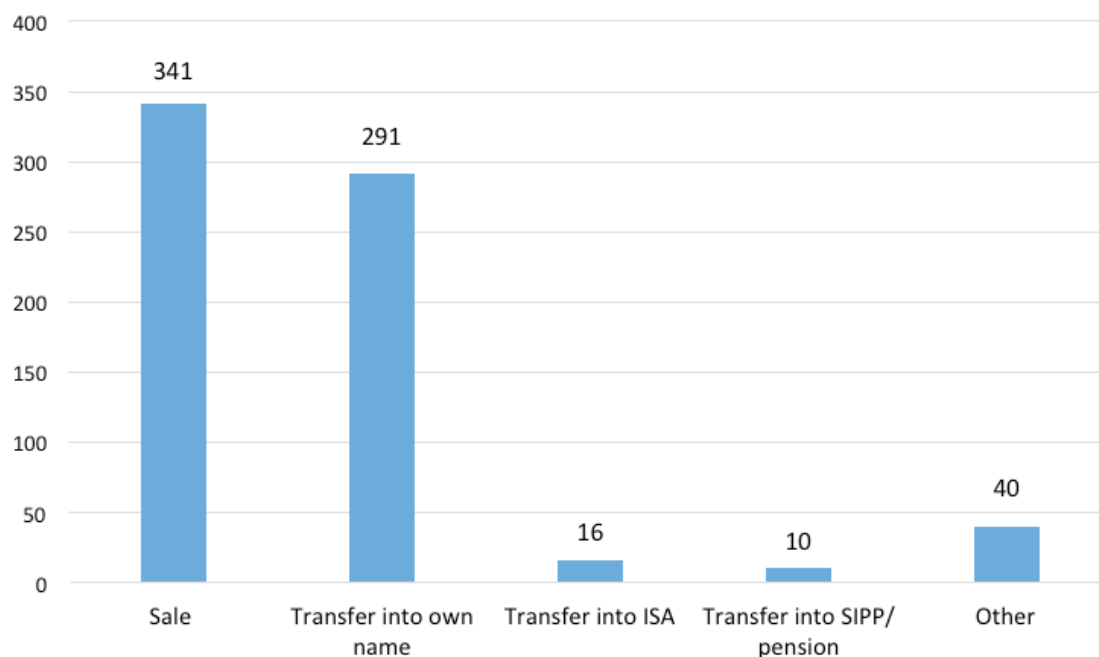
- **230,727** employees made voluntary withdrawals in 2016 (145,241 in 2015; 180,989 in 2014 and 223,559 in 2013).
- **52,193** employees made withdrawals as good leavers in 2016 (59,371 in 2015; 52,170 in 2014 and 45,712 in 2013).
- **49,873** employees made withdrawals as bad leavers in 2016 (35,676 in 2015; 47,606 in 2014 and 49,057 in 2013).
- **113,599** employees made withdrawals after 5 years in 2016 (98,561 in 2015; 109,637 in 2014 and 180,194 in 2013).
- There were known to have been **653,005** (272,443 in 2015; 299,731 in 2014 and 698,663 in 2013) withdrawals in the last 12 months.
- There were known to have been **137,969** (123,655 in 2015; 126,459 in 2014 and 158,467 in 2013) withdrawals between 3 and 5 years.
- **321,756** (303,850 in 2015; 307,014 in 2014 and 433,217 in 2013) employees were known to have reached the 5 year tax free period.

Withdrawals from SIP in 2016



The graph and figures presented in the above bullet points represent 362 companies (361 in 2015). Data were provided by 7 of the 8 administrators in 2016 (6 of the 7 administrators in 2015). There is a relatively large increase in voluntary withdrawals, a small increase in bad leavers, and a decline in good leavers in 2016.

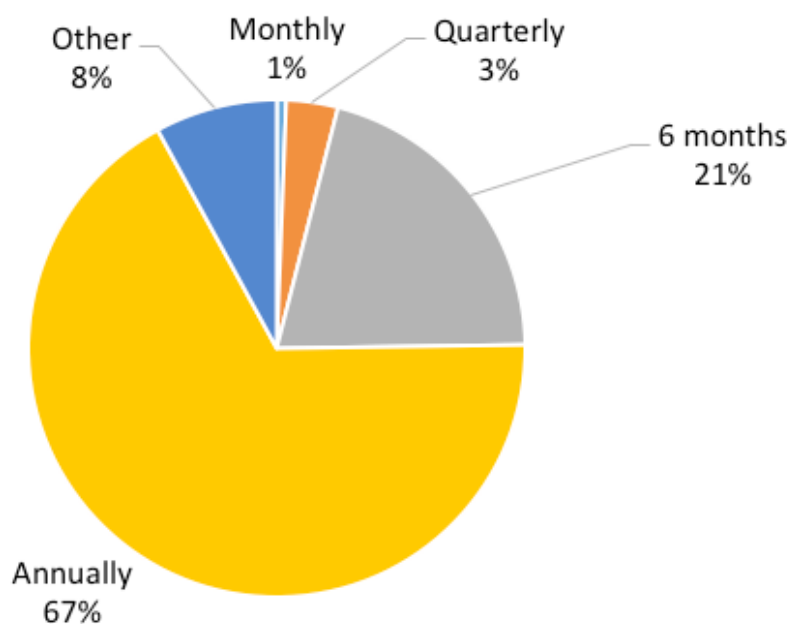
Choices offered by companies / their plan administrators to employees on 'Maturing' shares



The above data does not necessarily mean that a maturity specific communication is sent out. The choices may merely be mentioned on a statement. Data were provided by 7 of the 8 administrators in 2016.

Regularity of Statements Sent Out in 2016

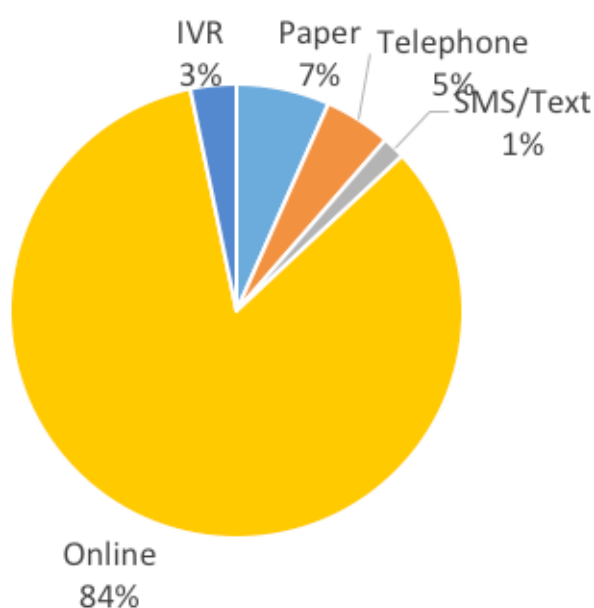
Only a very small percentage of companies issue statements more frequently than quarterly. **21%** (28% in 2015; 28% in 2014 and 30% in 2013) issue statements with a breakdown of their SIP accounts every 6 months and **67%** (58% in 2015; 60% in 2014 and 51% in 2013) issue statements annually.



Online SIP Facilities

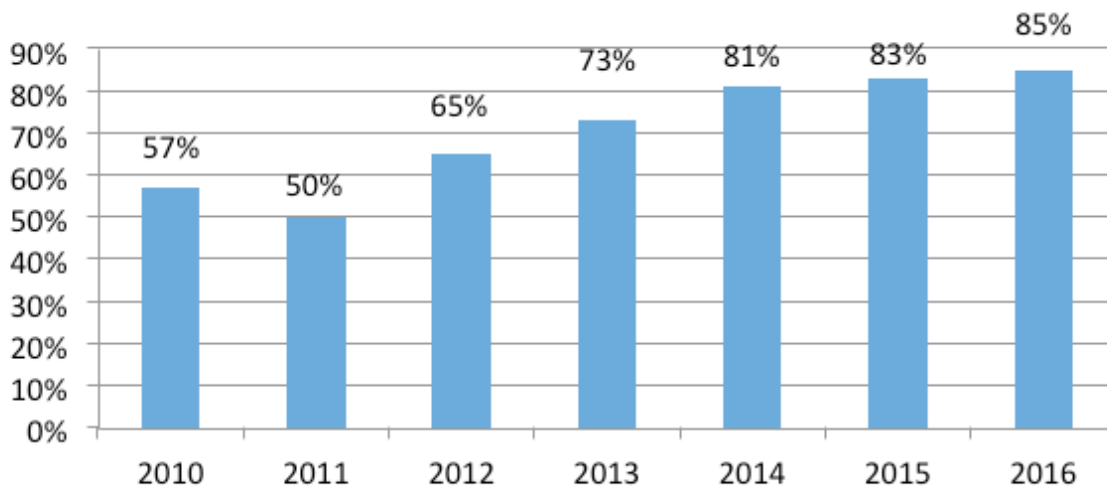
- The number of companies offering paper applications in 2016: **131 (30.8%)**.
- This stood at 152 (35.3%) in 2015; 169 (38.3%) in 2014 and 166 (36.8%) in 2013.
- The number of companies offering telephone application routes (any/all) in 2016: **18 (4.2%)**.
- This was 22 (5.1%) in 2015; 51 (11.6%) in 2014 and 52 (11.5%) in 2013.
- The number of companies offering IVR application route in 2016: **50 (11.7%)** (76 in 2015).
- The number of companies offering SMS/text application route in 2016: **5 (1.2%)** (5 in 2015).
- The number of participants applying by paper application in 2016: **6,226**
- This was 12,371 in 2015; 19,352 in 2014; and 17,712 in 2013.
- The number of participants applying by telephone application routes (any/all) in 2016: **4,445**.
- The number of participants applying by IVR application route in 2016: **3,063**.
- The number of participants applying by SMS/text application route in 2016: **1,517**.

Paper, Telephone, SMS/Text, IVR and Online application in 2016



Online SIP Access

- Online access to holding information for employees has increased to **85.4%** from 83 % in 2015; 81% in 2014, 73% in 2013 and 65% in 2012.
- The number of companies offering online applications in 2016 has risen to **252 (59.2%)**. This was 239 (55.6%) in 2015; 19 in 2014; 209 in 2013; 158 in 2012.



- The number of participants applying online in 2016 has increased to **78,275**. This was 68,333 in 2015; 78,903 in 2014 and 72,905 in 2013.

Extending SIP Globally

- The number of companies who extend SIP to overseas employees: **9** (19 in 2015; 10 in 2014 and 14 in 2013).
- The number of companies extending SIP to US employees: **5** (6 in 2015; 6 in 2014 and 3 in 2013).
- The number of companies extending SIP to EU employees: **9** (8 in 2015; 8 in 2014 and 6 in 2013).
- The number of companies extending SIP to other overseas employees: **6** (19 in 2015; 13 in 2014 and 13 in 2013).

Support offered by companies / plan administrators to employees

- Companies offering manned telephone helpline: **415**.
- Companies offering recorded telephone help: **30**
- Companies offering webchat: **80**

SAYE & SIP Conclusions

SAYE Conclusions

- The continuing implementation of new plans may, in part, suggest that companies continue to recognise SAYE as a valuable employee benefit. Take up of 3 year accounts has increased from 83% in 2015 to **86% in 2016**.
- Only 6 (from 417) companies introduced and offered SIP instead of an annual SAYE grant in 2016.
- Many employees continue to recognise the benefits of saving through SAYE plans. A number of findings support this.
- The weighted average monthly contribution per employee across all contracts in 2016 is £158.18.
- In 2016 the weighted average monthly contribution per employee across all contracts continues to rise. In 2016 this figure is £126.57.
- Despite fewer employees saving the maximum across all grants (11.2% in 2016; 13.5% in 2015; 20.7% in 2014), the overall average contribution (for new grants in 2016) per employee has risen in 2016.
- The total number of companies with underwater options at maturity in 2016 was 59. This has increased from 39 in 2015.
- The findings reveal a decrease in the number of companies that have employees impacted by CGT at maturity in 2016. This falls to 46 in 2016, from 82 in 2015.

SIP Conclusions

- The most widely offered shares offered continued to be Partnership Shares.
- The most popular combination of SIP elements offered remains Partnership and Matching Shares followed by Partnership Shares only.
- The number of companies offering Partnership Shares only, partnership and free shares only, and partnership, matching and free shares, increased in 2016, from 2015. As with the SAYE Scheme, the continuing implementation may, in part, suggest that companies continue to recognise SIP as a valuable employee benefit.
- The weighted average value per participant of SIP holding (including Partnership, Matching Free & Dividend Shares) based on the share price as at 31st December 2016, increased from 2015. This figure has increased annually since 2014.
- In 2016 there has been a small fall in the weighted average participation level in the SIP, from 32.7% in 2014, to 30.67% in 2015, to **29.24%** in 2016.
- The weighted average monthly investment has also fallen slightly to £88.74, but still remains high compared to previous years (£66 in 2013; £80 in 2014; £89 in 2015).
- The most popular match continues to be 1 for 1 (one Matching Share for every Partnership Share purchased).
- In 2016 216 companies (49%), and in 2015 229 companies (53%) offered Dividend Shares. In 2016 the survey find that fewer companies (**217 companies**) and a slightly smaller percentage (**51%**) offered Dividend Shares.
- Online access to information about an employee's holding, the number of companies offering online applications, and the number of participants applying online all continue to increase in 2016.

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ProShare



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