

EMPLOYEE BENEFIT CHECKLIST

Remember, no matter which type of incentive plan you install, it must meet the following criteria:

- As the employees achieve their goals, the value of your business increases.
- The plan handcuffs the employee to your company.
- Plan objectives are meaningful, realistic, and well-communicated.
- Benefits are substantial.
- Guidelines on how to achieve the benefit are specific.

If you implement a plan, which obstacles, in terms of cost and the possibility of upsetting non-participating employees, must you overcome?

Would money currently being spent on company-wide benefits be better spent if allocated to top employees?

Yes _____ No _____

Which is the best type of plan to motivate and retain top employees?

Cash-based or stock-based? _____

Why?

If cash-based:

How much cash would be meaningful? _____

What are some challenging yet achievable performance standards?

When should the award be made? _____

How much of the award should be deferred or subject to golden handcuffs?

What type of vesting schedule should apply? _____

If stock-based:

Which conditions should apply to stock bonus? _____

Is the bonus a stock- or cash-bonus option? _____

(If stock option, is option incentive or non-qualified?) _____

How is stock to be valued? _____

How much stock will be offered at outset and in future? _____