Stock Plan Services

Employee Stock Purchase Plan (ESPP)

What you should know. An ESPP offers a convenient way to purchase company stock, often at a discount, through after-tax payroll deductions. Below you’ll find the key terms and action items to help you better understand how your ESPP works.

**ENROLLMENT PERIOD**
(Enrollment Date, Grant Date)

- The enrollment period is a predetermined time frame when you can enroll in your company’s ESPP. Usually, you sign up to participate during the enrollment period.
- The grant date is usually the first day of the offering period. This is sometimes called the enrollment date.

**OFFERING PERIOD**

- During the offering period, your company collects after-tax payroll contributions and holds the money until it’s time to purchase company stock.

**PURCHASE DATE**
(Purchase Price)

- Typically, purchase date is a predetermined date at the end of the offering period when your company uses the money you have contributed to buy company stock.
- Purchase price is the price paid to purchase the company’s stock through the ESPP on the purchase date, sometimes at a discount.
- A look-back provision compares the stock price at the beginning of the offering period with the price on the purchase date and uses the lower amount to calculate the purchase price.

**HOLD OR SELL STOCK**

- Once your company stock is purchased, it’s deposited in your Fidelity Account. Refer to your plan rules for information on holding requirements. You can:
  - Hold the purchased company stock
  - Sell the stock and buy other investments
  - Sell the stock and get cash

**PLAN YOUR FINANCIAL FUTURE**

- Use our Investment Guidance resources to help create a financial plan and incorporate ESPP stock into your larger financial picture.

More questions?

Call 800.544.9354.

Watch how ESPP works

1. Register as a new user at Fidelity NetBenefits.
2. Open your account.
3. Enroll in your plan.
   
In Fidelity NetBenefits, you can:
- Check ESPP balances
- Change payroll deduction

Review your plan documents to check whether you have a look-back feature.

To sell your stock, log in to Fidelity NetBenefits, click on your stock plan account and select Trade from the top menu bar.

ESPP tax implications:
- Link your bank account to access your cash easily.
- Learn more about your account features like ATM/debit cards, checkwriting, bank transfers, and more.

1 Be sure to open your account. If you don’t, you may be subject to additional U.S. IRS-mandated tax withholding on certain transactions.
2 May vary by plan.
3 Please consult your tax advisor regarding your specific tax situation.

Keep in mind that investing involves risk. Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Fidelity Stock Plan Services, LLC, provides recordkeeping and/or administrative services to your company’s equity compensation plan, in addition to any services provided directly to the plan by your company or its service providers.

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