

Fidelity Stock Plan Services (Fidelity)

Employee Stock Purchase Plan (ESPP) FAQs



Q: What's an ESPP?

A: ESPP stands for Employee Stock Purchase Plan, which is a type of plan that provides you with a convenient way to buy your company's stock. If you decide to enroll, you choose a recurring amount to be deducted from your paycheck. Your accumulated deductions will be used to purchase stock on a predetermined schedule.

Q: How does an ESPP work?

A: With an ESPP, you choose an amount you want to contribute to the plan each paycheck. Depending on your plan, this can be a percentage or a dollar amount. Each pay period, your company deducts the amount (after tax) and holds it until it's time to purchase your shares. On the designated purchase date, your company uses that money to purchase your shares of company stock.

Q: What's a lookback provision?

A: Your company may offer a lookback provision, which calculates the price you pay for each share based on the stock price on the first day or the last business day of the offering period—whichever is lower. Being able to buy shares at the lower price makes the lookback an attractive feature.

Example 1 – Stock price increase: Your company stock is trading at \$10 per share at the beginning of the offering period but \$15 per share on the purchase date. With the lookback provision, you get to buy shares at the lower of these two prices, which in this example is \$10 per share.

Example 2 – Stock price decrease: Your company stock is trading at \$20 per share at the beginning of the offering period but has fallen to \$15 per share on the purchase date. In this instance, the lookback feature does not apply, and you buy shares at the purchase date price, which in this example is \$15 per share.

Q: How do I enroll in the ESPP?

A: If you're eligible and the enrollment window is open, you'll see Enroll next to your ESPP's name when you log in to [Fidelity NetBenefits](#). You'll be prompted to open a Stock Plan Account if you don't already have one. This account is where your purchased shares will be deposited. To finish enrolling, simply choose how much you want deducted from your paycheck and then agree to the terms. Be sure to consider how much you can afford to have deducted from your paycheck before you enroll.

For more help enrolling in your ESPP, please review the [how-to-enroll guide](#).

Q: What's an enrollment period?

A: It's a set amount of time determined by your employer in which you can choose or make changes to how much you want to contribute to your company's ESPP from your paycheck.

Q: What's an offering period?

A: During the offering period, your company collects after-tax payroll deductions and holds the money until it's time to purchase stock. The number of offering periods during the year depends on your company plan, they're most commonly on a quarterly or semiannual basis.

Q: What's the purchase date?

A: It's the company-determined date following the offering period when your company uses the money you've contributed to buy your company's stock.

Q: When will my shares be deposited into my Stock Plan Account?

A: Your shares will be deposited as soon as administratively feasible following the purchase date. You'll receive notification from Fidelity once your shares are in your Stock Plan Account.

Q: Where will I be able to see my shares?

A: Once the purchase has been completed, your shares will be deposited into your Stock Plan Account. Log in to [Fidelity NetBenefits](#) and locate the Stock Plan Account tile on your home page to view your shares.

Q: What's a holding requirement?

A: Your plan may have a holding requirement, which is the amount of time your ESPP shares must be held before you can sell them. If your company requires a holding period, the requirements are described in the plan documents.

Q: What's a fractional share?

A: A fractional share is a slice, or a piece, of a company's stock rather than a whole share.

Q: Do I have to sign up to purchase fractional shares in my ESPP?

A: If your plan allows you to buy fractional shares, they'll be purchased automatically once you're enrolled in your ESPP. Be sure to check your plan rules to determine if this is available to you.

Q: Will I see anything different in my ESPP after my fractional shares are purchased?

A: Your ESPP purchase details will be the same after you purchase fractional shares. The fractional shares will appear as decimals (e.g., 1.234) in your Stock Plan Account.

Q: Is there a minimum number of shares I need to buy before I can purchase fractional shares in my ESPP?

A: Your company may allow you to purchase fractional shares only after you have accumulated enough to buy a whole share. Be sure to check your plan rules to determine if this applies to you.

Q: How will my company's discount affect my fractional shares purchase in my ESPP?

A: Your company may offer a discount, which reduces your price per share. If your plan offers a discount, additional shares will be purchased for you with your ESPP contributions. Be sure to check your plan rules to determine if your ESPP offers a discount.

Q: How will the lookback provision affect my fractional shares purchase in my ESPP?

A: Your company may offer a lookback provision, which calculates the price you pay for each share based on the stock price on the first day or the last business day of the offering period—whichever is lower. If your plan includes a lookback provision, this may increase the number of shares you can purchase. Be sure to check your plan rules to determine if your ESPP offers a lookback and the specifics on how your price will be calculated.

Q: Will I be taxed differently on my fractional shares?

A: Fractional shares are taxed the same way as whole shares when you sell. However, you should consult a tax advisor regarding your personal tax situation.

Q: What's the benefit of being able to purchase fractional shares in my ESPP?

A: Fractional shares can make your ESPP work within your budget, whether you don't have enough to buy a whole share or want to maximize the number of shares you buy with the money you set aside. Be sure to check your plan rules to determine if this opportunity is available to you.

Q: Who should I contact with questions about my ESPP?

A: If you need assistance, please contact Fidelity. Visit [Fidelity.com/globalcall](https://www.fidelity.com/globalcall) for phone numbers and dialing instructions.



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