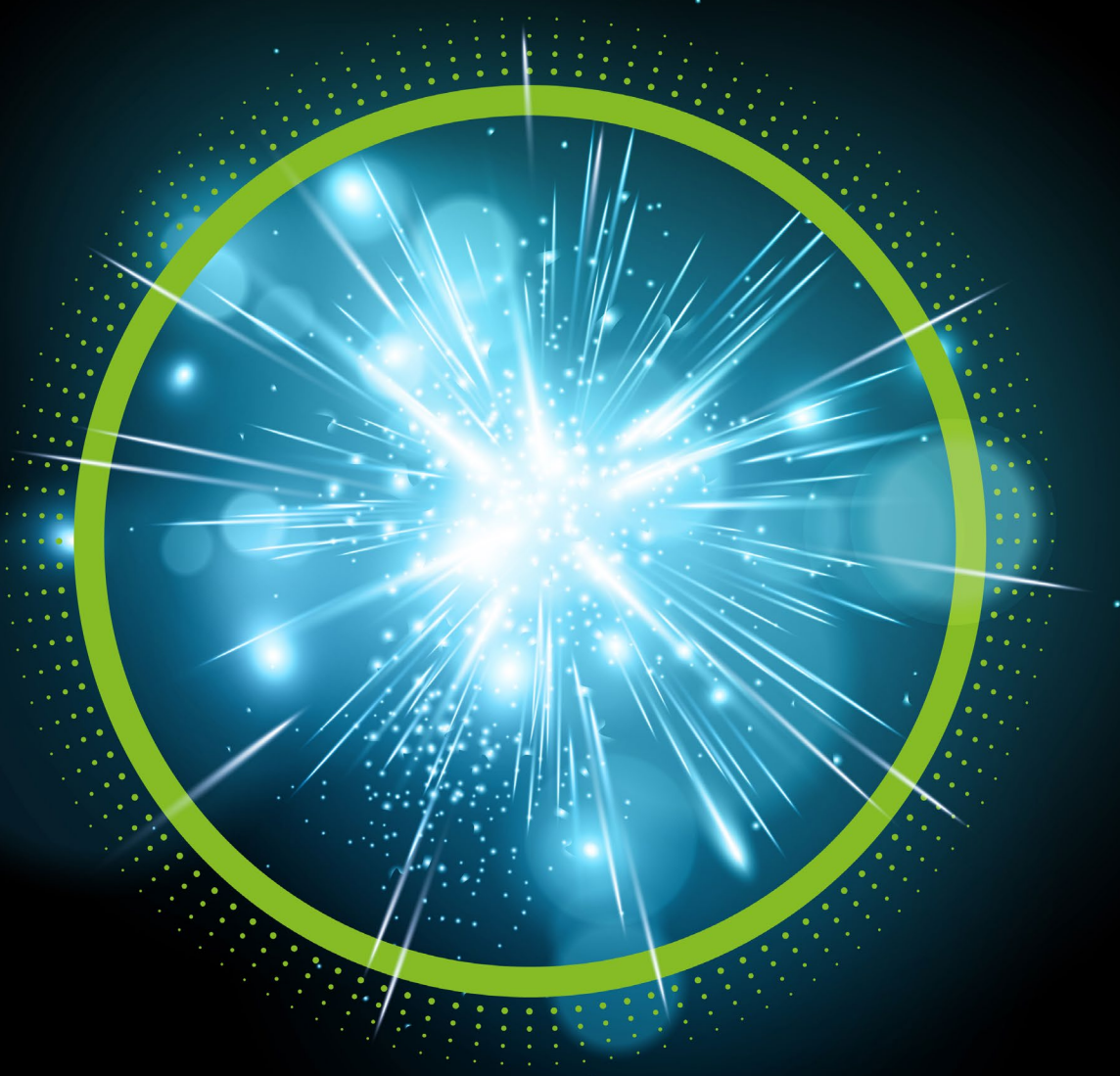


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Together makes progress



Promoting equity
administration in
times of change

February 2026



Change is the only constant in today's business landscape. Regulatory frameworks evolve, employee expectations rise, and technology continues to reshape how organizations operate. Amid this transformation, one principle remains: your people are the driving force behind organizational success—especially during pivotal moments such as **mergers, acquisitions, or spin-offs**.

Strategic equity compensation: More than just “compensation”

During periods of transition, stability and engagement are crucial. Equity compensation programs have become a cornerstone for attracting, retaining, and motivating top talent. Yet, too frequently, stock plan administration is treated as a routine back-office function: undervalued, underfunded, and seen as merely operational.

The hidden risks of underestimating stock plan administration

When equity administration is poorly executed, the consequences ripple across the organization:



Eroded trust:

Inadequate processes and compliance failures may undermine employee confidence, turning incentives into sources of frustration rather than motivation.



Talent loss:

Mismanaged equity awards can lead to attrition, as employees feel disconnected from the value promised to them.



Missed opportunity:

Treating stock administration as “just administration” means missing its potential as a strategic enabler, one that can drive alignment, engagement, and long-term growth.

Moments of change: When is it time to invest?

Organizational change is not just a challenge—it’s an opportunity. When companies undergo mergers, acquisitions, or spin-offs, the need for purpose-built, forward-thinking stock plan administration becomes an opportunity that many organizations overlook. This is the time to reassess, invest, and elevate the function from operational necessity to strategic asset.

A well-structured stock administration strategy helps employees to fully realize the value of their incentive awards, even amid complexity. It aligns equity programs with broader business objectives, fostering satisfaction and retention when stability and employee motivation are most needed.



Transforming disruption into opportunity

Making wide-scale organizational changes to address strategic equity compensation can be a complex, months-long journey requiring coordinated change management and clear communication. The temptation to rush “go live” is understandable—but it’s a risk. Long-term success depends on developing processes from day one, not migrating deficiencies or postponing critical improvements.

To achieve sustainable results, it’s essential to avoid these common pitfalls:

- Deferring automated integrations between human resources systems, payroll, and the administrator
- Relying on off-the-shelf reports and communications, rather than ensuring they are designed to effectively engage your employees and reflect your company culture
- Migrating legacy process gaps into new environments

The majority of stock administration teams maintain a long “wish list” of changes and enhancements that have been deferred for years. It is common to encounter teams that are leanly staffed; teams that can’t make the time to invest a little extra today, to yield transformational advantages tomorrow. For such organizations, a “lift and shift” approach to stock administration makes little sense. Perhaps the better mantra is “the same or better”, with a critical assessment of any deficiencies in the current state.

Organizations that delay critical enhancements during “stand-up” stages often find themselves locked into suboptimal processes for years. Once the initial transition is complete, inertia sets in, and stakeholders focus on recovery rather than further transformation. Critically, the transition and implementation phases present valuable opportunities to work with the team to realize the company’s vision; post-go-live customization is far more challenging and time-consuming.



Seven success factors for strategic stock administration

To turn strategy into action, organizations should focus on these seven essential success factors for effective stock administration:

- 1 Invest in technology and integration**

Choose intuitive platforms that integrate seamlessly with HR, payroll, and finance systems. Automated workflows and real-time data exchange are crucial for accuracy, efficiency, and transparency—especially during periods of transformation. Organizations need to shape their data and technology stack now, to enjoy the advantages that AI agents promise to bring to stock administration,
- 2 Build for scalability and flexibility**

Select solutions that can adapt to changes in plan design, participant demographics, and evolving global regulations. Flexible, customizable platforms help promote agility and support strategic decision-making.
- 3 Enhance compliance**

Inventory compliance weaknesses / deficiencies, and evaluate the opportunity to close the gaps. Employment tax (payroll) compliance failures are the most frequent cause of material penalties related to stock administration. Recent focus areas seen from global tax authorities include the impact of employee mobility and timeliness of tax remittances.
- 4 Uphold security**

Protecting sensitive data is non-negotiable. Adhere to rigorous security protocols and compliance standards (such as GDPR, SOC 2, and SOX). Proactive compliance management reduces risk and reinforces employee trust.
- 5 Deliver responsive customer support**

Evaluate service levels, response times, and escalation procedures. Effective assistance reduces disruptions and enhances participant satisfaction.
- 6 Document policies and procedures**

Develop clear, detailed documentation for all processes, from grant issuance to settlement and tax withholding. Define roles and responsibilities across HR, finance, legal, and payroll. Transparent policies prevent errors and foster stakeholder confidence.
- 7 Prioritize training and education**

By helping the workforce fully understand the value and mechanics of their equity awards—and how these tie directly to the organization's success—companies can enhance program impact, drive engagement, and foster a stronger sense of ownership.

A strategic approach for lasting success

Controlling scope and managing “bite-sized” projects is important, but long-term success demands a critical evaluation of future needs. Building the foundation from day one helps organizations to adapt, grow, and harness the full potential of their equity incentive programs.

Focus on these priority actions:

- Engage professionals with diverse experience and leading practices to balance competing priorities.
- Evaluate current processes and create a strategic vision for future needs—before, during, and after “stand-up.”
- Approach stock administration as a strategic function, supported by integrated technology and strong governance.

When organizations elevate stock plan administration, they transform potential disruption into opportunity, driving engagement, building trust, and rewarding the talent that fuels transformation.



Why Deloitte

At Deloitte, we believe progress is achieved when diverse knowledge comes together with a shared purpose. Our multidisciplinary team—spanning tax, technology, payroll, human capital, and change management—navigates the complexities of equity compensation programs to deliver efficient and strategic alignment that helps organizations unlock greater value, adapt confidently to change, and build a foundation for lasting success.

Let's connect to discuss how your organization can transform equity compensation into a catalyst for growth.

Authors:



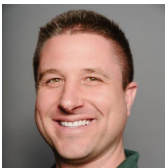
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