McMillan Metro Faerber

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Executive Compensation, Stock Options and Incentive Awards

Compensation packages for executives and professionals can be very different from those for other personnel and require attention to complex issues.

Executives may have bonus opportunities, deferred compensation opportunities, and equity-based incentive compensation. Compensation for legal and medical professionals can depend heavily on productivity-based compensation. All of these arrangements create issues that require careful planning and detailed drafting for employers. For employees, knowledgeable review of these arrangements is essential, both to avoid surprises and align contract terms with expectations.

Equity-based compensation can come in many forms, including “true” equity (such as stock, restricted stock, partnership interests, and LLC membership interests) and “pseudo-equity” (such as restricted stock units, stock appreciation rights, and profits interests in LLCs and partnerships). These different kinds of equity-based compensation confer different benefits and can have different income tax implications. Structuring and documenting them correctly at the outset is essential, because they can be difficult to change later.

At McMillan Metro Faerber, P.C., our attorneys have extensive experience handling executive and professional compensation and enjoy working with both employers and employees on these kinds of compensation arrangements.

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