

Navigating Equity Compensation: Best Practices for Growing Companies

June 18th, 2025



Today's Speakers



Robyn Shutak
Partner, Infinite Equity



Stepan Khzrtian
Co-founder & CEO, Corpora



Amit Jethani
Co-founder, Mantle



Poll

What Stage Is Your Company Currently In?

1. Pre-Seed / Concept (just an idea or very early MVP)
2. Seed Stage (building product, starting to get traction)
3. Series A / Early Growth (scaling with early funding)
4. Growth Stage (Series B/C, expanding markets and team)
5. Public Company
6. Not Sure / Prefer Not to say

Why Equity Compensation Matters More Than Ever

In today's fast-moving environment, growth-stage companies need equity strategies that do more than compete—they need to inspire.

Talent is mobile	Top performers can work from anywhere. Equity helps attract and retain them by offering both reward and reason to stay.
Cash is tight	With funding harder to secure, equity becomes a smart way to preserve cash while still offering meaningful value.
Employees want a stake	More than a salary, people want ownership and a sense of purpose. Equity makes them true partners in the mission.
Investors expect alignment	Thoughtful equity plans drive accountability and performance—keeping employees, investors, and leadership on the same page.

Why Equity?

“You will get more from your employees, and they will be more committed if you share equity immediately in a meaningful way, so that everybody rises up”

-Mark Cuban

Why Employee Equity?

Employee equity programs can be used as a **powerful tool** within an organization to achieve a **variety of important goals**



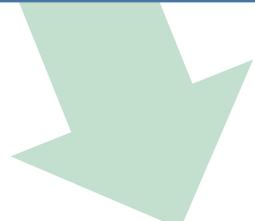
Employee Engagement

Create a culture of ownership and empower employees to be stakeholders in the business



Reward Performance

Employees are compensated for high performance and effective results



Market Competitiveness

Attract and retain talent with competitive offerings and grant practices

Why Employee Equity?

Preferred by employees:

72%

would rather work for an
employee-owned company
(vs. investor-owned or state-owned)

Turnover can be **3X** lower

And beneficial for employers:

61%

would take a job with employee ownership if
choosing between two similar jobs

38%

of customers are more likely to buy from
employee-owned businesses

Source: General Social Survey, 2018 and 2014 by Douglas Kruse and Joseph Blasi, Institute for the Study of Employee Ownership and Profit Sharing, Rutgers University School of Management and Labor Relations

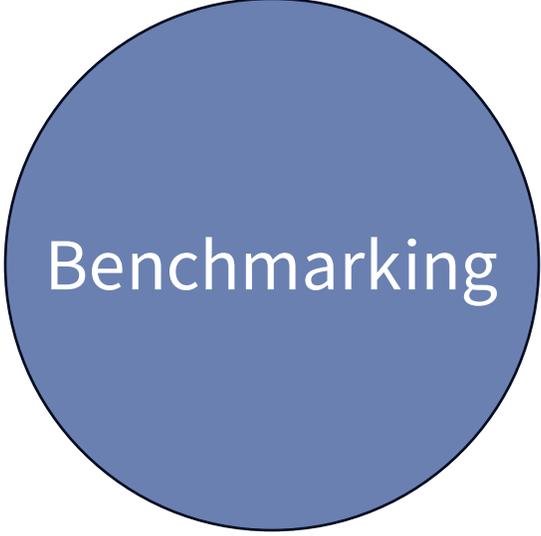
Developing an Equity Strategy

Equity Strategy – Overview



Philosophy

- A company's equity philosophy is the intended goal of their equity program
- The philosophy will inform the strategy decisions
- This includes eligibility, vehicle, vesting, frequency and timing, etc.



Benchmarking

- Benchmarking is the exercise of determining how much equity to grant employees and the organization of the guidelines
- At this stage we may utilize survey data or market trends research



Affordability

- Companies are often limited in the amount of equity they can offer by their share pool reserve or burn rate constraints
- In scenarios where companies are limited in available shares, the equity strategy may become an allocation exercise

Equity Strategy – Levers



ELIGIBILITY & PARTICIPATION

BENCHMARK PERCENTILE

VEHICLE & MIX

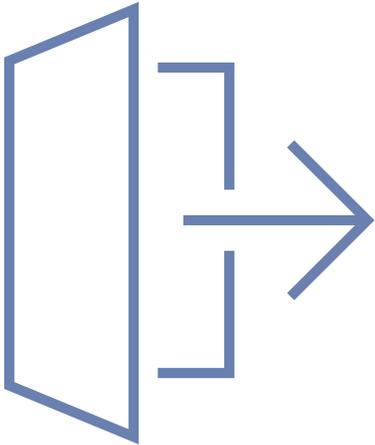
GLOBAL & REMOTE DIFFERENTIALS

VESTING CRITERIA

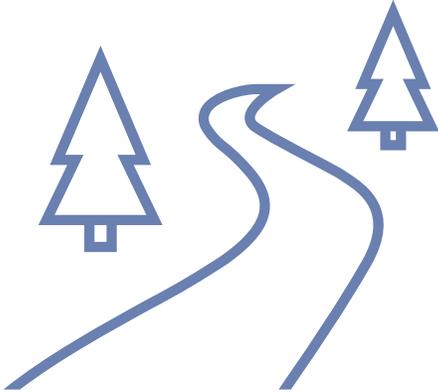
GRANT FREQUENCY & TIMING

Equity Strategy – Award Design

Choosing the right equity vehicle and determining the design details of the award for your employees should also consider several key factors.



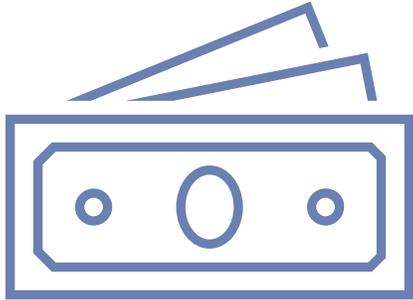
**Exit
Strategy**



**Time
Horizon**



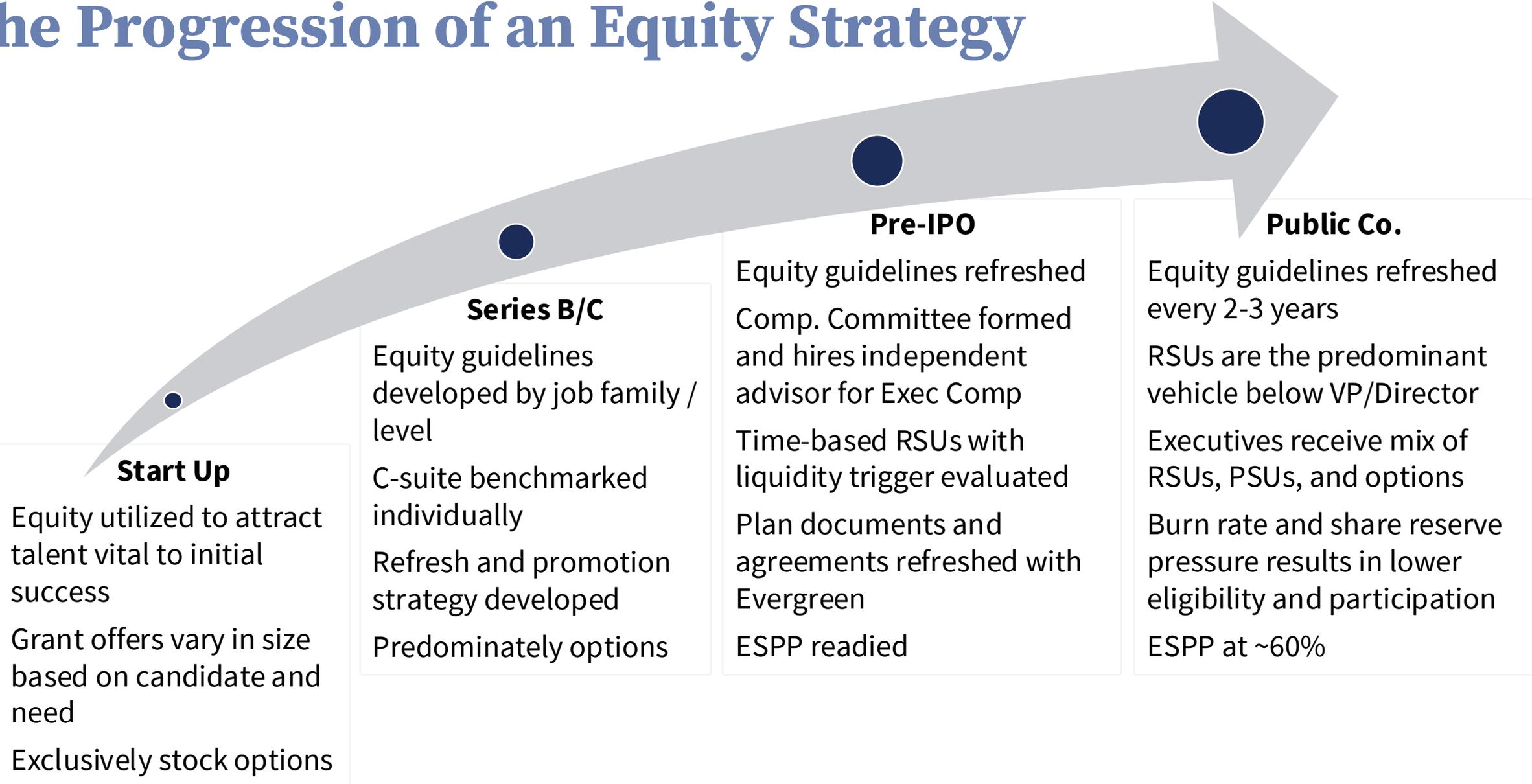
**Vesting
Provisions**



**Providing
Liquidity**

Equity Strategy Progression

The Progression of an Equity Strategy



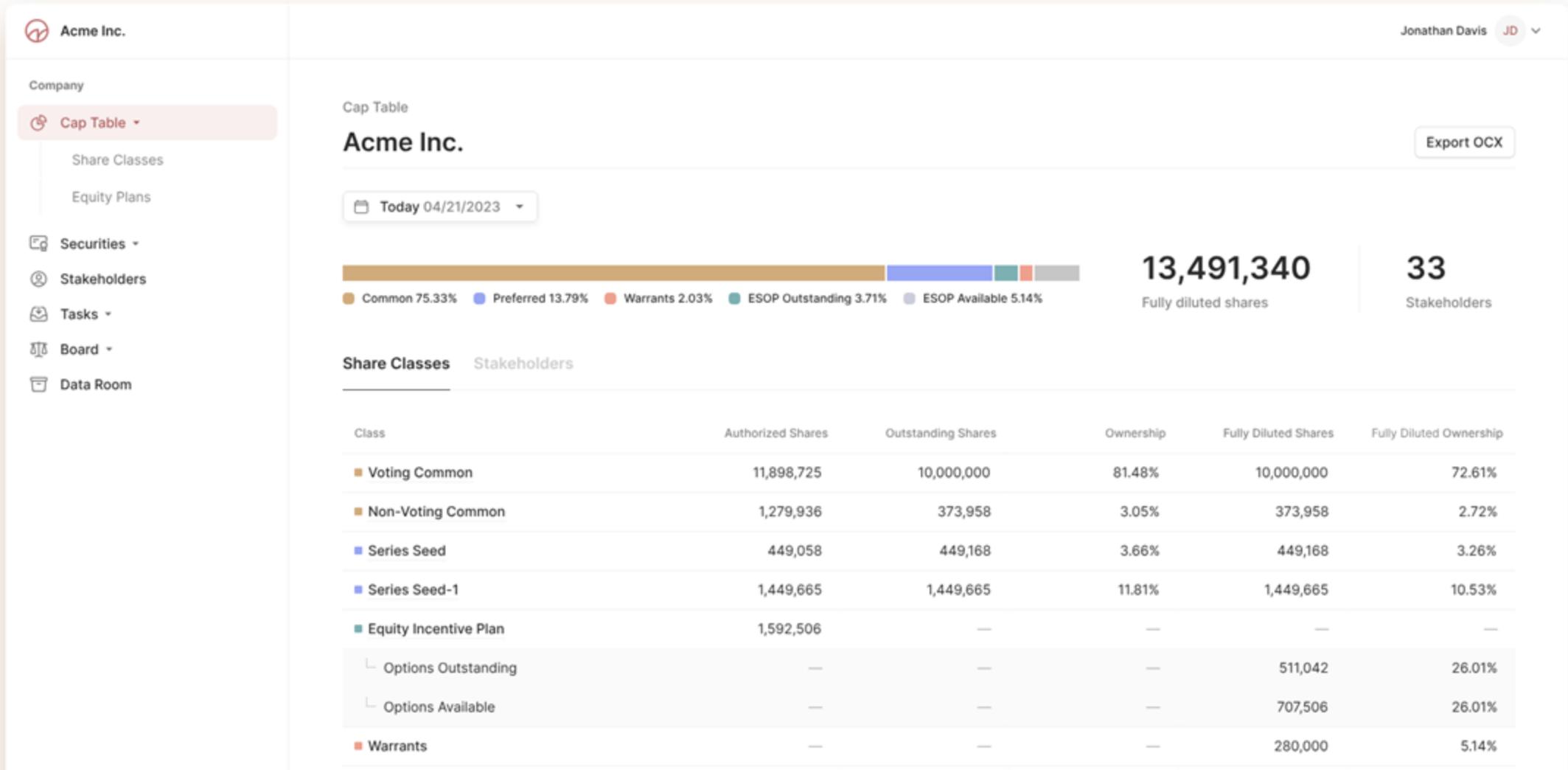
Managing Your Cap Table With Confidence

Presented by  MANTLE

 INFINITE
EQUITY

*Compensation Solutions
Without Limits*

Your Cap Table: Leverage or Liability?



Must-Haves for Cap Table Confidence

1. Clean source of truth
2. Version control + audit trail
3. Automated scenario modeling
4. Stakeholder transparency

Why Equity Visibility Matters

Fundraising

How will this term affect my ownership 2 rounds from now?

Hiring

Do I have enough room in the pool to attract a Head of Product?

Retention

Who's nearing their cliff? Do I need to refresh or revisit terms?

Board Communication

Can I quickly answer cap structure questions without scrambling?

Performance Based Vesting

Paradigm shift in equity comp for option agreements

Conditional Vesting Milestones

[Update milestones](#)

Status	Name	Date	Original Quantity	Vested Amount
● Has been met	2021 EOY Sales Goal Met	Jan 1, 2022	25,000	25,000
● Has been met	2022 EOY Sales Goal Met	Jan 1, 2023	25,000	25,000
● Partially met	2023 EOY Sales Goal Met	Jan 1, 2024	25,000	12,500
● Not met	2024 EOY Sales Goal Met	Jan 1, 2025	25,000	—

The Real Cost of A Messy Cap Table

1. Lost investor trust during due diligence
2. Internal Team Confusion & Tax Implications
3. Legal Rework & Delays
4. Difficulty modeling future rounds or option pool impact

How to Future-Proof Your Cap Table as You Grow

1. Move away from spreadsheets as early as you can
2. Set up workflows for onboarding, granting, and tracking options
3. Make sure your law firm and cap table software speak the same language
4. Track investor-friendly features like pro-rata rights, SAFEs, and convertible notes with clarity.

The best founders manage equity like a leadership tool, not a back-office chore.

83(b) Elections

Overview, Use Cases, & Tips

Presented by  **Corpora**

When is Section 83(b) relevant?

Property is transferred in connection with the **provision of services**, subject to a **substantial risk of forfeiture**.

Element of Definition	✓	✗
Property	Stock Profits Interests	Stock options (unless early exercised) RSUs
Provision of services	Equity awards	Investment equity
Substantial risk of forfeiture	Vesting Clawbacks	Fully vested

What is a Section 83(b) Election?

IRS tax filing, electing to pay tax on the fair market value of equity *at grant* rather than *when restriction lapses*.

Section 83(a)

Pay income tax on FMV of equity (minus what you paid) ***at vest***

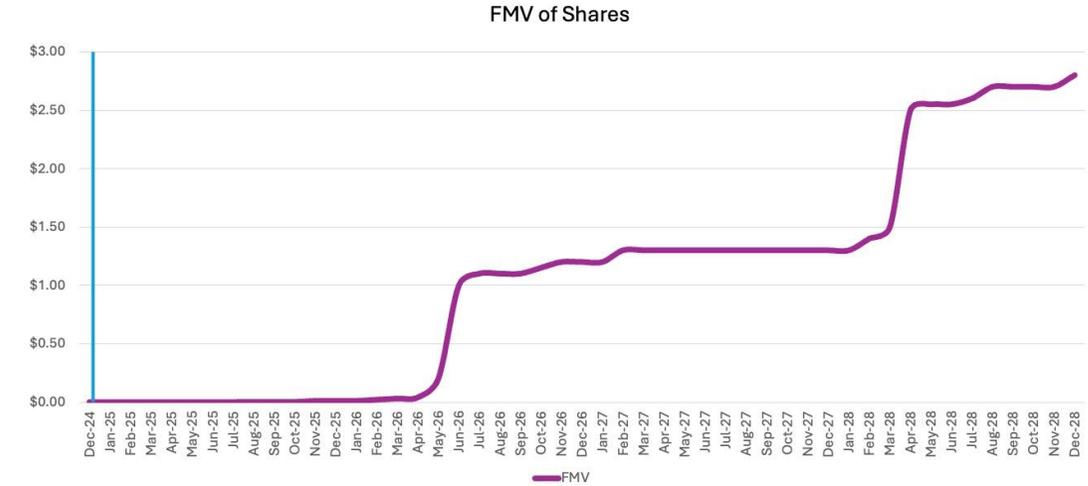
Section 83(b)

Pay income tax on FMV of equity (minus what you paid) ***at grant***

Use case: Founder stock 83(b) filed

- Founder is issued 4,000,000 shares on December 1, 2024
- Venture round in June 2026

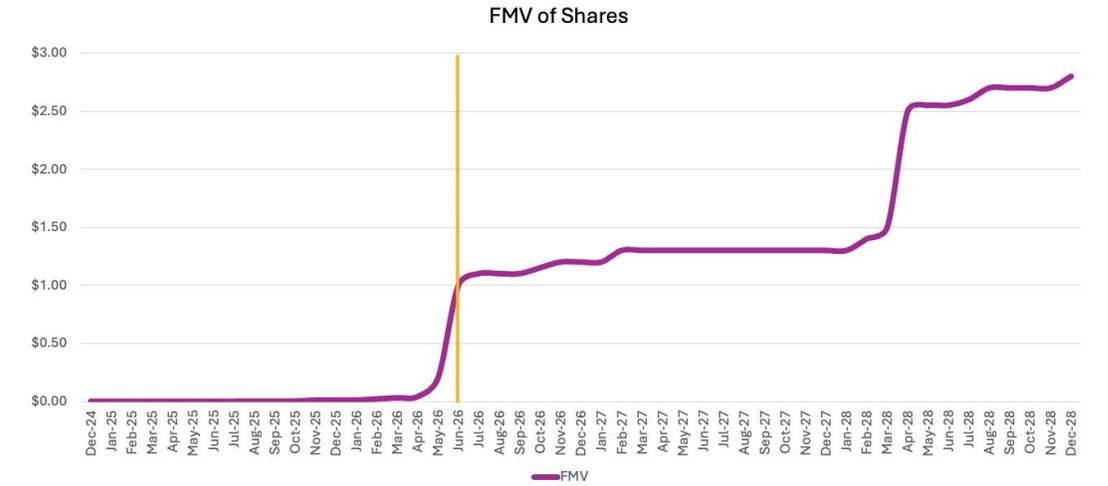
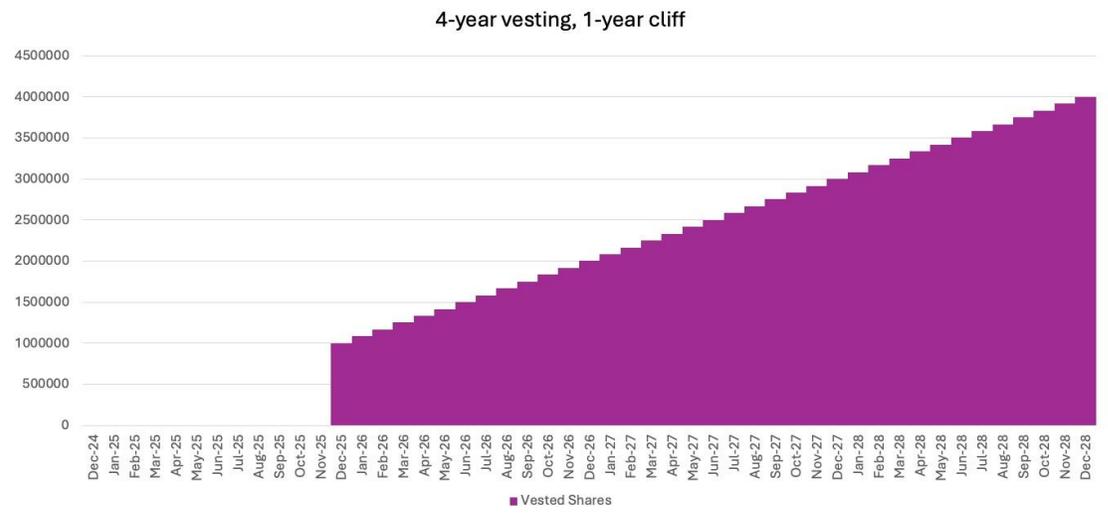
FMV at grant	
Per share	\$0.00001
For 4,000,000 shares	\$40.00
Ordinary income tax liability	
$\$40.00 \times 35\% = \mathbf{\$14.00}$	



Use case: Founder stock 83(b) not filed

- Founder is issued 4,000,000 shares on December 1, 2024.
- Venture round in June 2026

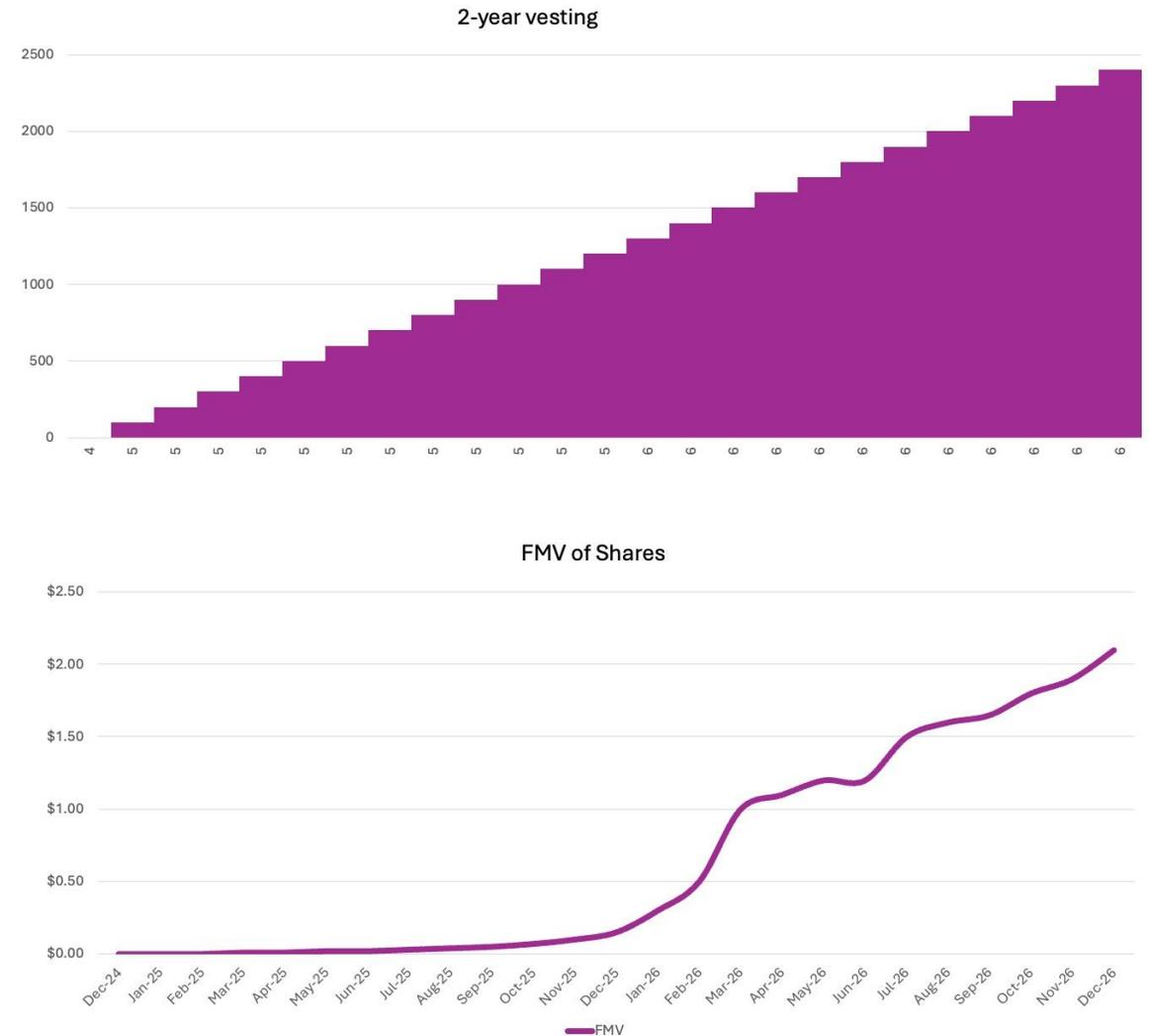
FMV at vest (2026)	
Per share	\$1.00
For 1,000,000 shares	\$1,000,000.00
Ordinary income tax liability (2026)	
$\$1,000,000.00 \times 35\% = \mathbf{\$350,000.00}$	



Use case: Profits Interests

83(b) recommended

- By definition, profits interests worth \$0 at grant
- IRS Rev. Proc. 93-27 and 2001-43 provide “safe harbor”
- Recommended to file a “protective” 83(b) election



Use case: Late-stage stock 83(b) filed vs. not filed

- New CFO granted 400,000 shares, \$28.00/share

83(b) filed

FMV at grant $400,000 \times \$28 = \11.2M

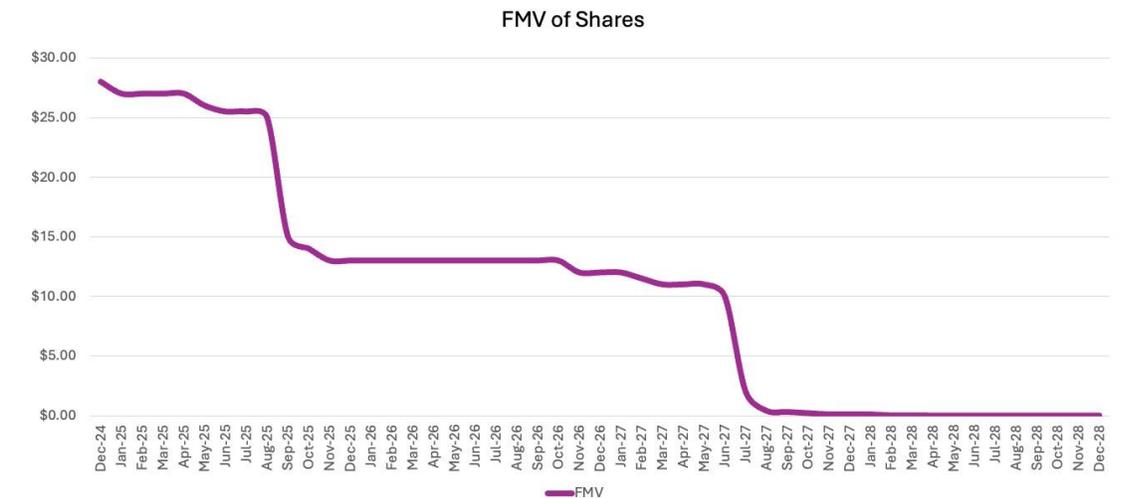
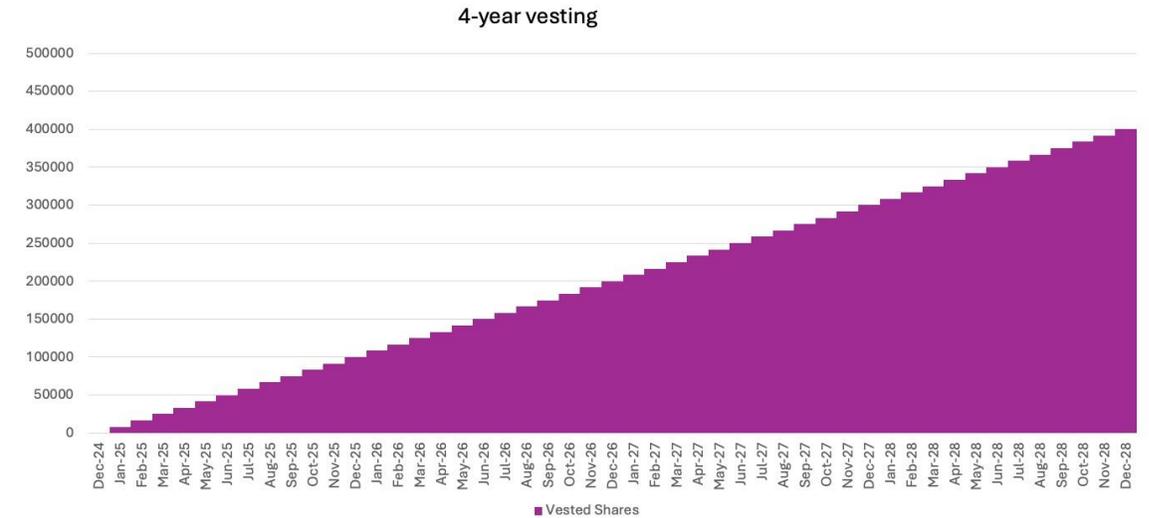
Tax liability $\$11.2\text{M} \times 35\% = \3.92M

83(b) not filed

FMV at vest $400,000 \times \$12 = \4.8M

Tax liability $\$4.8\text{M} \times 35\% = \1.68M

- No “tax refund”



How to file a Section 83(b) election?

- 30 days from the date the property is transferred
 - Company resolutions and grant documents
 - Hard deadline
- Must be filed on paper
 - Electronic signatures allowed since 2020
 - However, currently no ability to electronically submit election to IRS
- Best practice for filing
 - USPS Certified Mail, Return Receipt Requested
 - IRS-designated Private Delivery Services
 - Include a self-addressed return envelope

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

Ogden, UT 84201

9589 0710 5270

Certified Mail Fee	\$4.85	
\$		\$4.10
Extra Services & Fees (check box, add fee as appropriate)		\$0.00
<input type="checkbox"/> Return Receipt (hardcopy)	\$	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	\$0.00
<input type="checkbox"/> Adult Signature Required	\$	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	\$0.00
Postage	\$9.85	
\$		
Total Postage and Fees		
\$	\$18.80	

0616
55
JUL 24 2024
Postmark Here
PASADENA, CA 91102
07/24/2024

Sent To
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0002

PS Form 3800, January 2023, PSN 7530-02-000-9047 See Reverse for Instructions

What Does It Look Like?

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the shares described below over the amount paid for those shares. The following information is supplied in accordance with Treasury Regulation §1.83-2:

1. The name, address, taxpayer identification number of the undersigned, and the taxable year for which this election is being made are:

NAME OF TAXPAYER: **Maria Rogers**
 ADDRESS: **123 Main Street
 Pasadena, CA 91101**
 IDENTIFICATION NO. OF TAXPAYER: **123-45-6789**
 TAXABLE YEAR: **Calendar Year 2024**

2. The property with respect to which the election is made is described as follows: **1,000,000 shares of the Common Stock (the "Shares") of Evio, Inc., a Delaware corporation (the "Company").**

3. The date on which the property was transferred to the undersigned is: **November 16, 2024.**

4. The property is subject to the following restrictions: **the Shares are subject to forfeiture or repurchase in favor of the Company under the terms of an agreement between the taxpayer and the Company. The risk of forfeiture or repurchase lapses over a specified vesting period.**

5. The fair market value of the property at the time of the transfer to the undersigned (determined without regard to any restriction other than a nonlapse restriction as defined in Treasury Regulation §1.83-3(h)) is: **\$0.00001 per share x 1,000,000 shares = \$10.00.**

6. The amount (if any) paid for such property: **\$0.00001 per share x 1,000,000 shares = \$10.00.**

7. The amount to include in gross income is **\$0.00.** (The result of the amount reported in Item 5 minus the amount reported in Item 6.)

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner. The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed and the transferee of the property, if any. The undersigned is the person performing the services in connection with which the property was transferred.

Taxpayer:

Dated: **November 29, 2024**

Form 15620 <small>(April 2025)</small>	<small>Department of the Treasury - Internal Revenue Service</small> Section 83(b) Election	<small>OMB Number</small> 1545-0074
--	---	--

The undersigned taxpayer hereby elects, pursuant to § 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for the property.

1. The taxpayer's name, taxpayer identification number (TIN), and address:

Taxpayer's name		Taxpayer's TIN	
Address (number and street)			
City	State or province	ZIP or postal code	Country

2. The property subject to this election is (describe property and quantify below):

3. The date the property is transferred:

4. Taxable year for which the election is being made (taxable year that includes the date the property is transferred as reported in Box 2):

5. The property is subject to the following restrictions (describe applicable restrictions below):

6. The total fair market value of the property at the time of transfer is

a. Value per item	b. Quantity	c. Total fair market value
x	=	=

7. The total amount paid for the property is

a. Price paid per item	b. Quantity	c. Total price paid
x	=	=

8. The total amount to include in gross income for the taxable year is (the result of the amount reported in Box 6c) minus the amount reported in Box 7c):

9. Name, TIN, and address of the person for whom the taxpayer is providing services in connection with the transfer of property (optional)

Name		TIN	
Address (number and street)			
City	State or province	ZIP or postal code	Country

The undersigned taxpayer is the person performing the services in connection with which the property is transferred. The undersigned taxpayer agrees to provide a copy of the election to (i) the person for whom the services are performed and (ii) the transferee of the property, if the taxpayer and the transferee of the property are not the same person.

Under penalties of perjury, the undersigned taxpayer declares that, to the best of undersigned taxpayer's knowledge and belief, the information entered on this Form 15620 is true, correct, and complete.

Taxpayer signature	Date signed
--------------------	-------------

Catalog Number 953760 www.irs.gov Form **15620** (Rev. 4-2025)

Whose Obligation?

Employee	Employer
<p>Filing an 83(b) election is the employee's obligation – and prerogative</p> <ul style="list-style-type: none">▪ Individual tax decision, with consequences for individual's tax burden▪ But employer can contractually require employee to make an 83(b) election	<p>Employer can significantly benefit from the employee filing an 83(b) election</p> <ul style="list-style-type: none">▪ No 83(b) -> withholding and reporting obligations▪ Consistent treatment among employees▪ Alignment of financial planning

Tips & Common Pitfalls

Tips

- Do it now – don't procrastinate.
- Do it once, do it right.
- Keep solid records.

Common Pitfalls

- Case by case – may be better not to file.
- Cannot be revoked (except with consent of Commissioner)
- Tax overpayment – FMV goes down and/or terminated early

Questions?



*Compensation Solutions
Without Limits*



Discover How We Can Help Propel Your Growth.



Robyn Shutak

Partner, Head of
Relationships



 Robyn@infiniteequity.com



Stepan Khzrtian

Co-founder & CEO



 Stepan@corpora.us



Amit Jethani

Co-founder



 Amit@withmantle.com

**Special offer for
webinar
attendees:**

- 3 months free
& white-glove
onboarding
- Visit
[withmantle.com
/register](https://withmantle.com/register) to get

