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Incentivizing Employees with Phantom Equity

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In this episode of OK at Work, attorneys Sarah Sawyer and Russell Berger from Offit Kurman discuss the concept of phantom equity and its role in incentive compensation. As year-end approaches, businesses evaluate bonuses and future incentives. Phantom equity, a form of compensation for executive-level employees, operates like actual equity without involving ownership or entanglements. It serves as a mechanism to align company and individual goals, especially during events like a business sale, by promising bonuses based on hypothetical ownership stakes. Ideal for fostering an ownership mindset without the complexities of real equity, phantom equity offers a flexible and strategic incentive option.