

General Catalyst
Equity Refresh Survey
2024

About this Survey

Equity compensation is a critical tool for startups to create long term alignment with employees and reinforce a culture of ownership.

Venture-backed technology companies often grapple with designing effective refresh equity programs. Key decisions include eligibility, timing and grant size.

General Catalyst conducted this survey to reveal valuable insights into these questions and overall refresh equity program design.

Survey Demographics

In Q1 2024, we collected 161 data points from our portfolio and the VC ecosystem on equity refresh programs.

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161
Data Points

COMPANY STAGE



INDUSTRY



40%

Enterprise &
SaaS



20%

Healthtech &
Life Sciences



16%

Fintech &
Crypto



13%

Consumer



11%

Other



+76%

Of respondents
were based in the
United States

Key Takeaways

Our top findings underscore that, in this era of capital efficiency, companies are being **judicious with equity dilution** while still **rewarding and retaining** top performers.

IMPACT

Refresh grants meaningfully impact retention

82%

reported refresh grants have been impactful in retaining top performers

CRITERIA

Individual performance is the main criteria prioritized in refresh grants

87%

of companies value individual performance when offering refresh equity

ELIGIBILITY

Companies are selective about who receives refresh grants

25%

or less of employees receive refresh equity grants at most companies

CALCULATION

Refresh grants are only a percentage of new hire benchmarks

66%

of companies award refresh grants worth 25% or less of current new hire benchmarks for the role

TERMS

Four year vesting periods are most common; nearly half vest immediately v. a 1 year cliff

74%

vest over four years 47% have no vesting cliff

Refresh grants meaningfully impact retention and reward individual performance, tenure, or a combination of both

82%

Of companies reported that equity refresh programs are impactful in retaining top performers.

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“Meaningful and differentiated equity rewards exceptional performance, motivates employees to grow their stake in the company, fosters ownerships and aligns focus with long-term company goals instead of individual accolades.”



Kenny Mendes
COO, CODA

There are three main types of refresh grants:

- 1** *Performance Grant* Spot Bonus, or a single grant issued to eligible employees based solely on performance
- 2** *Tenure Grants* A single grant issued to eligible employees who reach a tenure milestone
- 3** *Tenure & Performance* A single grant for employees who reach a tenure milestone and performance target

Most companies have a single, simple equity refresh program that prioritizes individual performance

Most companies issue one type of refresh grant (in addition to promotion grants, see appendix).

A limited number of companies combine multiple grant types, typically layering small tenure grants with larger performance grants.

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87%

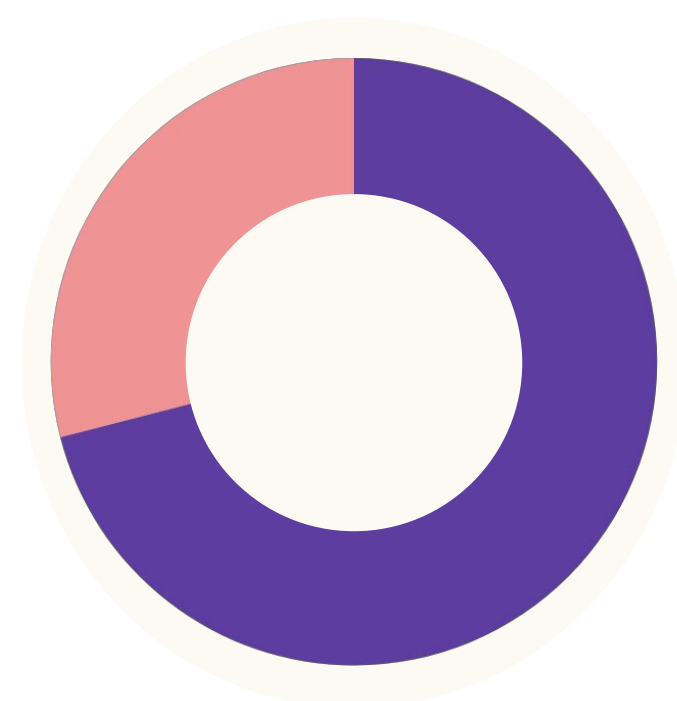
of companies prioritize
individual performance
when offering refresh equity

13%

of refresh grants are based
on **tenure alone**

2024

COMPANIES TYPICALLY OFFER ONE TYPE OF REFRESH GRANT



71%

Offer one type of
refresh grant

29%

Offer multiple types of
refresh grants

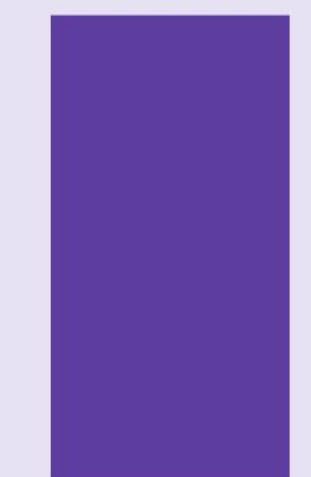
DEEP DIVE INTO TYPES OF REFRESH EQUITY GRANTS OFFERED

29%



One grant for
performance

29%



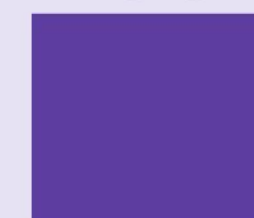
One grant based
on tenure and
performance

29%



Multiple grants
based on
tenure/performance
that stack

13%



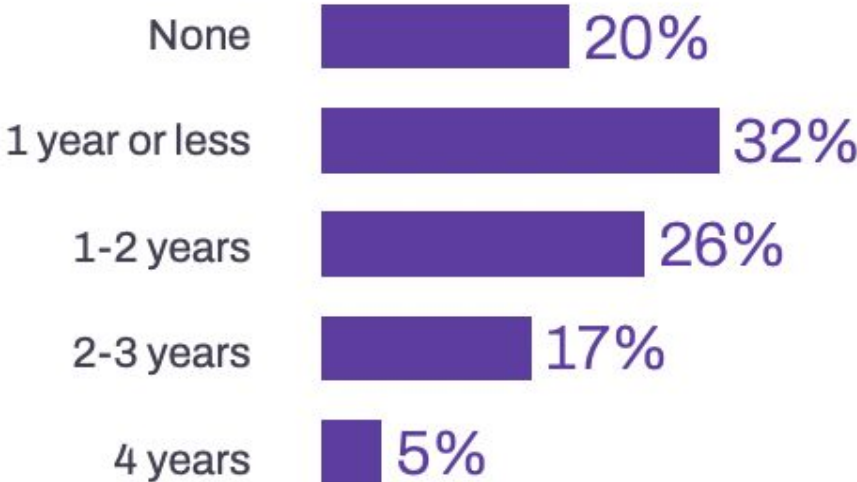
One grant for
tenure

Most companies grant refresh equity to fewer than 25% of employees, typically after 1-2 years of employment

When are employees first eligible for refresh grants?

At 78% of companies, all employees with **2 years of tenure or less** are eligible for their first refresh grant.

Tenure eligibility for first refresh grant



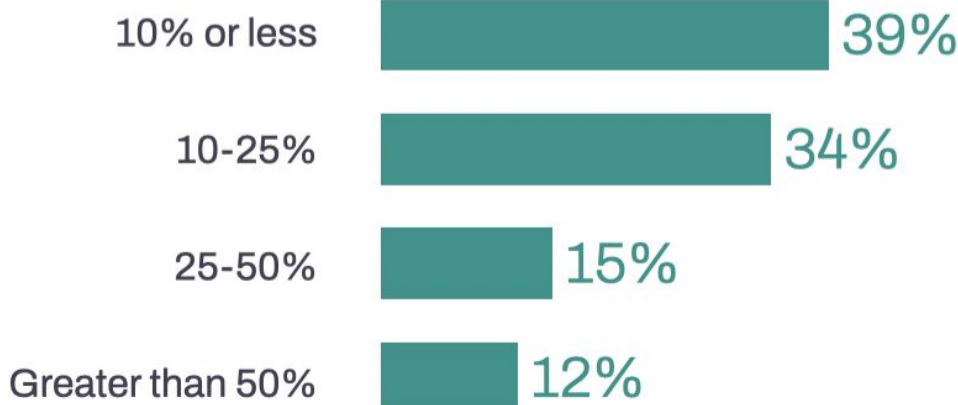
59%
of companies make employees **eligible** for **subsequent** refresh grants **annually**

Who receives equity refresh grants?

Companies selectively grant equity based on **individual performance**.

The other most common factors considered include **level and attrition risk**.

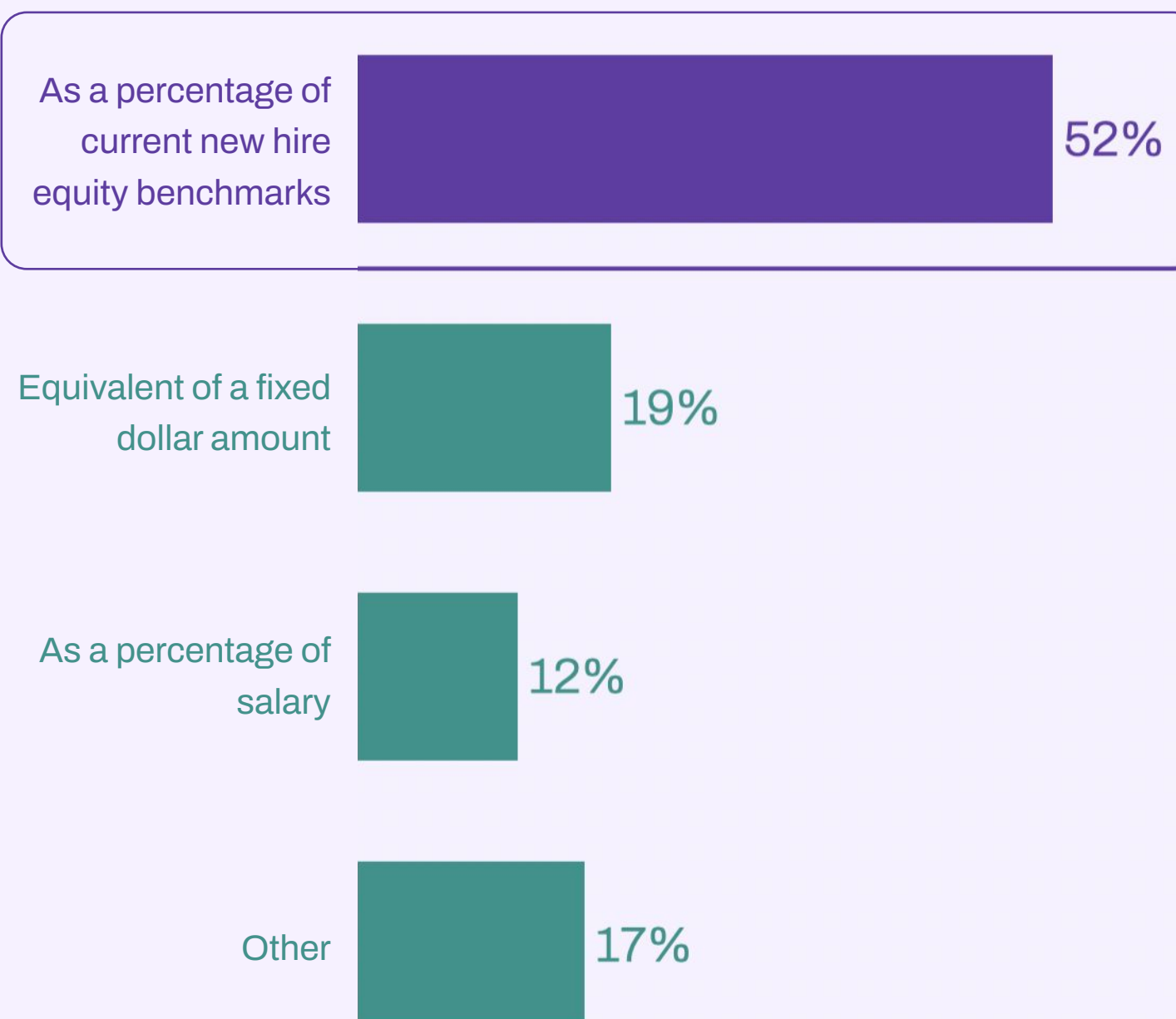
Percentage of employees who receive refresh equity annually



73%
of companies issue refresh equity to **less than 25% of employees** each year

Two thirds of companies calculate refresh grants as 25% or less of current new hire equity benchmarks

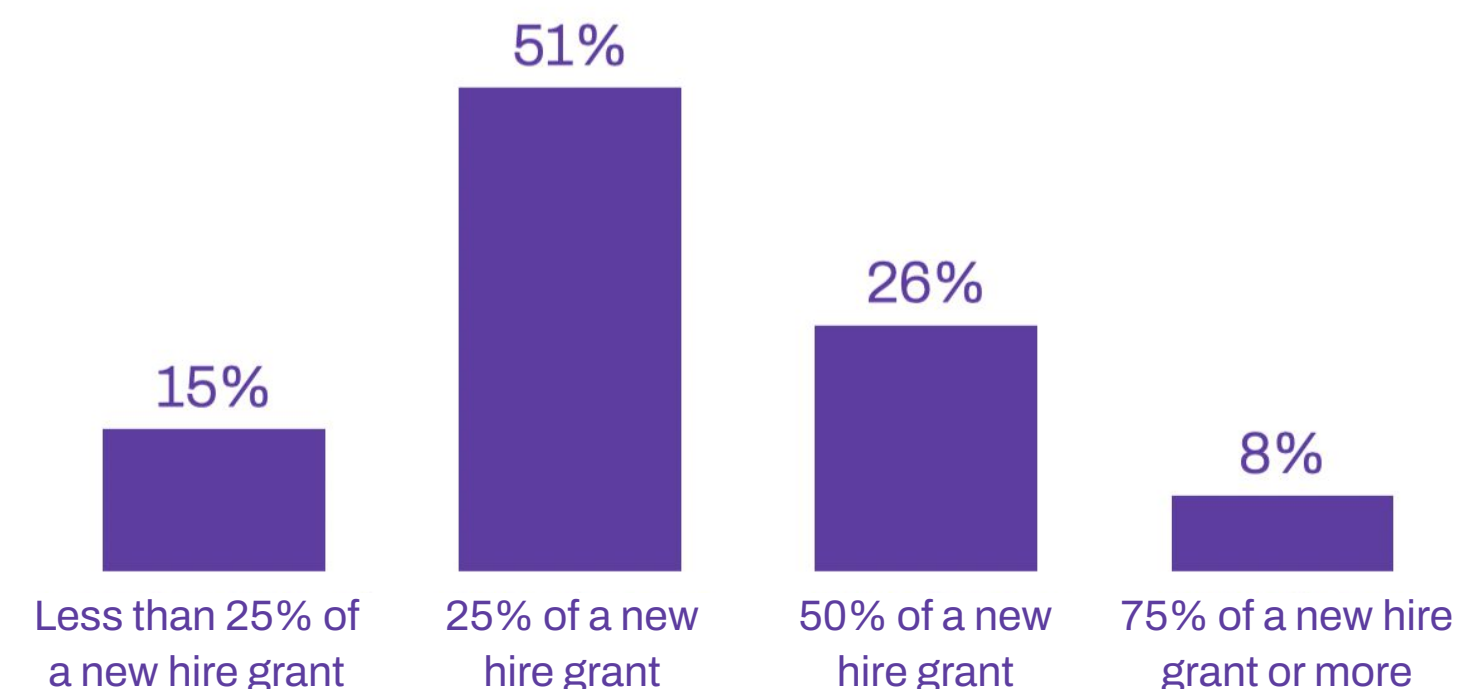
Methods used to calculate size of refresh grants



Most companies target the 50th percentile of market data for new hire equity. At earlier stages, the focus is on percentage ownership. As they mature, companies assess equity grants based on notional dollar value.

Refresh grants are typically calculated as 25% or less of **current new hire targets**. This allows for effective management of the option pool as the company's value increases while tying compensation to current market conditions.

Value of refresh grants relative to new hire grants



Four year vesting periods are most common for refresh grants and nearly half begin vesting immediately

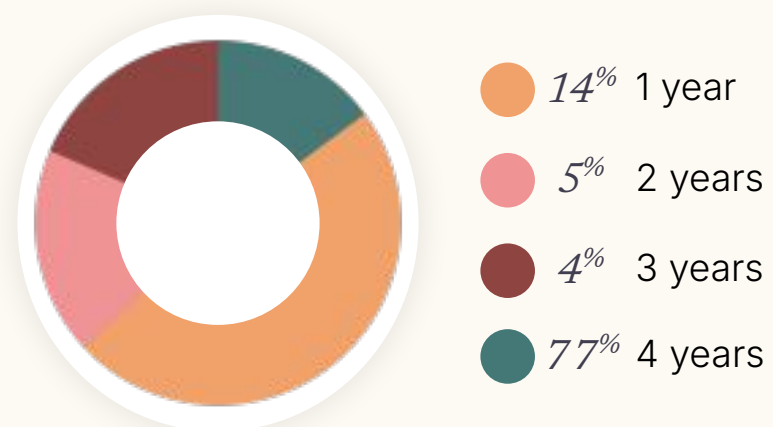
Vesting Period

A vesting period is the total time over which benefits are earned.

Refresh equity grants create long term incentives that align employee's interest to company growth.

Most refresh equity grants have four year vesting periods to encourage top employees to stay at the company over the long term.

TYPICAL VESTING PERIOD LENGTH

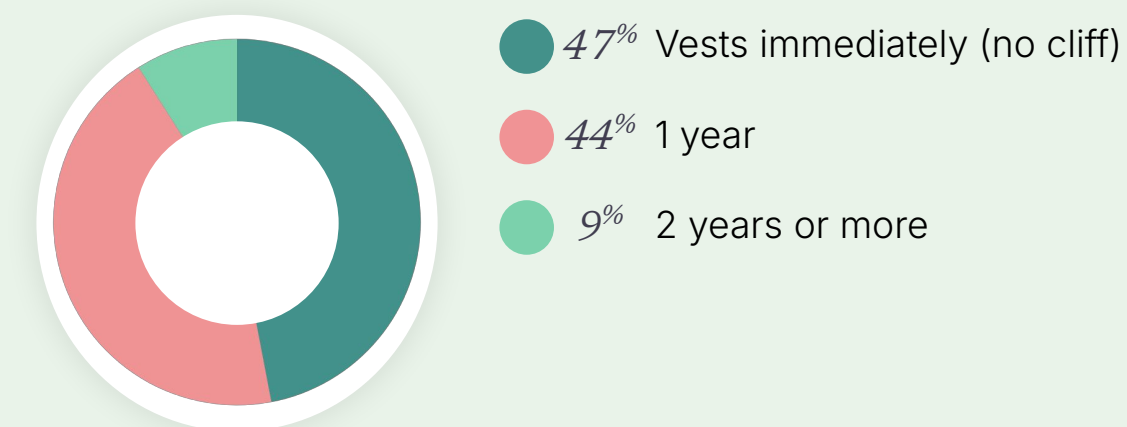


Vesting Cliff

A vesting cliff is the minimum waiting period before benefits are vested.

Vesting cliffs protect against dilution while an employee ramps in a new role. Companies with strong management practices that are confident about employee performance are more likely to not have a cliff.

TYPICAL VESTING CLIFF



Appendix

Below are a few key takeaways about how companies structure promotion grants

*In addition to refresh grants, companies frequently grant equity to employees upon **promotion** – for advancement to the next level in an employee's career*

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Vesting

83% of promotion grants have four year vesting periods. This is in line with traditional new hire grants

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Cliff

45%
of promotion grants
have no cliff

51%
of promotion grants
have a one year cliff

Companies with strong management practices that are confident about employee performance are less likely to use a cliff

Benchmark

71% of companies calculate promotion grants by issuing the difference between the equity targets of the employee's current and new role

Disclosures

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