2025 PSP FAQs for Employees
US & Canada Only
Confidential Information

This is a Zoho confidential document and is for employees only (not contractors and consultants). Please do not copy, distribute, or share in any manner.

Disclaimer: The information here is current for the 2025 process and is provided for informational purposes only. Note also that Zoho's bonus program is discretionary, based on current business conditions and company profitability. Past PSP practices are in no way indicative of current or future practices.

Q. What is the PSP?

The PSP stands for Profit Sharing Program. It has been instituted as a way for Zoho to share its profits with its employees. This is a cash distribution in addition to the regular salary and eligible annual raises (awarded through the CAR process).

The 2025 PSP is scheduled to be disbursed separately from regular payroll, on or about June 5, 2025. This date is subject to change.

Q. Who is eligible for the PSP?

All full-time employees of Zoho are eligible for the PSP. Consultants and contractors are not, unless they have previously converted to employees. For consultants who later convert to employees, in most cases, they receive some credit for their time as a consultant.

Since the PSP is a reflection of the past year, the employee should have been employed with the company for the year to receive the full amount. However, Zoho is flexible in this regard and cuts employees slack in two ways. First, we will provide a *pro-rated* distribution for any employee who has been with the company for at least six months as a full-time employee. This means an employee who has been with us for 7 months (but less than 8) will get 7/12 the distribution they would have earned had they been employed the entire year. Second, those full-time employees who have been with us for at least 10 months will qualify for the entire 12 months.

Q. Is there a fixed distribution each year and is it guaranteed?

No, to both. Except for 2020, Zoho has been distributing the PSP every year at least since 2014. The PSP is not guaranteed in any year, even if that year has been profitable for Zoho, since it is based on the company's outlook on economic and financial conditions. That said, in most years it has been around 1.5X your monthly salary (has varied a bit on both sides of this number).

Q. Is the PSP performance-based?

This is variable. Historically, since the PSP is seen as primarily a profit sharing program, it has been based on company performance, rather than individual performance. Your annual raise (through the CAR program) is based on individual performance. In other words, all PSP distributions are a calculated percentage of salary, based on eligibility over that year. However, as the company has grown, we have introduced a discretionary component to the process, and the 2025 PSP is derived from CAR rankings.

Q. What happened in 2020 and 2021?

It's been a few years now, but it's instructive to remember how Zoho handled PSP during the pandemic. We held back the PSP in 2020, given the massive economic uncertainty brought about by the pandemic. Our immediate focus at that time was to preserve two things first: jobs and cash. As you all know, our company has to manage through any crisis only through its reserves and cash flow, so keeping both robust while we waited out the pandemic was the plan. Such prudence has kept us in business through multiple downturns. The PSP for 2021 included a distribution for both the 2021 year and for the 2020 year.

Q. When will I see this money?

This distribution will go out as a separate process from regular payroll, on or about June 5, 2025. This date is subject to change.

Q. What about PSP and my 401(k)?

If you participate in Zoho's company-sponsored 401(k) program, the system is designed to process your PSP payment in the exact same manner that it processes all your regular pay. If you want the PSP payment to be treated differently, you will need to call Fidelity directly at 888.835.5097 as soon as possible.

Q. What should we expect going forward?

The PSP is never guaranteed, unlike your salary (as long as you hold employment!). In 2021 we made up the PSP for 2020, but this is not to be taken as a guarantee in future years either. We fully expect to continue to distribute this each year as we all expect and work hard to keep Zoho growing and remain consistently profitable. Thanks to you all.

Finally, let’s end with the advice that Sridhar always provides: Don’t live and manage your expenses in expectation of the PSP. That’s always a bad idea and is a way to start living beyond your means. In fact, make a diligent effort to put this money into your savings or investments. Do this early in your career. Savings compound. You (or your lucky children!) will be thankful for this advice in future years.