

WEALTH PLANNING CHECKLIST:

Stock Options

Equity compensation can be one of the greatest wealth-building opportunities. With the right planning and a clear understanding of your options, you can make informed decisions, minimize taxes, and maximize the long-term value of your compensation.

A guide to help you understand your stock options, evaluate your choices, and plan with confidence

The following toolkit can help you prepare a strategy for your equity compensation by outlining key financial considerations, important steps, and planning decisions along the way.

1. Understand Your Equity Compensation

- ☐ Identify the type(s) of equity compensation you have (ISOs, NQSOs, RSUs, ESPP, RSAs, etc.)
- ☐ Review your grant agreements and vesting schedule
- ☐ Understand key dates (grant date, vesting date, exercise deadline, expiration date)
- ☐ Determine whether your equity is publicly traded or privately held

2. Know Your Company Rules

- ☐ Understand trading window and blackout restrictions
- ☐ Review insider trading policies
- ☐ Determine whether a Rule 10b5-1 Trading Plan may be appropriate

- ☐ Understand post-employment exercise deadlines if you leave the company

3. Understand the Tax Implications

- ☐ Determine how your equity compensation is taxed
- ☐ Understand the difference between ordinary income and capital gains treatment
- ☐ Evaluate potential Alternative Minimum Tax (AMT) implications (ISOs)
- ☐ Estimate federal and state tax withholding needs
- ☐ Coordinate with your CPA before exercising or selling shares

4. Evaluate Your Exercise & Sale Strategy

- ☐ Determine whether to exercise now or wait
- ☐ Decide whether to hold or sell vested shares
- ☐ Evaluate cashless exercise vs. cash exercise
- ☐ Consider diversification and concentration risk
- ☐ Understand how exercising affects your cash flow

5. Coordinate with Your Financial Plan

- ☐ Determine how company stock fits within your investment portfolio
- ☐ Evaluate whether you are overconcentrated in your employer's stock
- ☐ Consider your retirement timeline and liquidity needs
- ☐ Coordinate equity compensation decisions with other financial goals

- ☐ Review beneficiary designations, where applicable

6. Plan Around Major Life Events

- ☐ Understand how retirement impacts your equity compensation
- ☐ Review implications of changing employers
- ☐ Evaluate the impact of divorce on stock compensation
- ☐ Consider estate planning strategies for concentrated stock positions
- ☐ Review charitable gifting opportunities for appreciated shares

7. Create an Ongoing Strategy

- ☐ Review your equity compensation annually
- ☐ Update your tax projections as vesting occurs
- ☐ Monitor upcoming vesting and expiration dates
- ☐ Revisit diversification and risk exposure each year
- ☐ Coordinate your equity strategy with your financial planner and CPA

Before You Make a Decision, Ask Yourself:

- ☐ Do I understand the tax consequences?
- ☐ Am I taking more risk than I realize?
- ☐ Does this decision fit my long-term financial plan?
- ☐ Have I considered all my options?
- ☐ Have I coordinated with my financial planner and tax professional?

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