Client Muse: Lincoln & Alana

Tech Company Employee
Lives in Austin, TX
Age 33
Master's degree from UC Berkley
Married with 2 young children and a puppy.
10-year Career with U.S. tech / startup companies

Lincoln has worked for his current employer for 2 ½ years. He oversees a team of 6 colleagues that work long hours together to help their employer achieve a grand vision for a better future, leveraging tech for the benefit of society. Alana works in marketing at a technology company and their annual combined household income is $475,000.

In addition to their generous salaries, Lincoln also receives regular (but not guaranteed) equity compensation in the form of company stock for helping his team hit KPIs. His average equity-based comp consists of another one to two hundred thousand dollars' worth of RSUs. In the past he has received ISOs and participated in the company's ESPP. He has left some older ISOs unexercised, even though they have increased significantly in value, because he is uncertain of the magnitude of the tax impact. The couple has not had a succinct strategy for maximizing the company's equity compensation plan. However, they know some of Lincoln's former colleagues have used their equity comp to leave the company and pursue other interests with no financial concerns.

Lincoln and his wife would like to have the flexibility to spend more time with their two toddlers before they are in middle school and life starts to shift. They want to achieve financial independence so Alana can stay home with the kids, and Lincoln can consult and freelance on projects he is truly passionate about. Their goal is for both to be able to step away from fulltime work in three years or less. The couple recently purchased their dream home to raise their family and are now ready to focus on saving for their financial freedom. As a result of moving tech companies every couple of years since college, both spouses have several retirement accounts in former employer's 401(k)s that need to be consolidated. They have little in savings since finishing up house renovations and would like to increase their cash reserves again. Another priority is college for the children. They would like to pay for four years of undergrad as well as graduate school. The couple wants to give their children an advantage by graduating without student loans and feeling pressured to follow high-paying career paths like they did. Due to concerns about future tax changes, the couple would like to balance their savings across traditional pre-tax retirement, Roth retirement and after-tax accounts to provide flexibility when they begin to take distributions.

Through our coordinated financial planning and investment management, Lincoln and Alana now have a clear path to being free from their corporate nine-to-fives. Verity worked in coordination with their accountant to achieve two primary goals. First, they created a plan to exercise the remaining ISOs over the next three years to minimize or avoid Alternative Minimum Tax (AMT) and maximize the use of RSU to create a diversified portfolio in preparation for leaving the company and creating an income stream from assets. Throughout the process we helped Lincoln evaluate other areas of concern ranging from insurance to estate and retirement planning while providing vetted industry experts where needed. Lincoln and Alana can now focus on work and their family, knowing their current lifestyle will still allow them to achieve financial independence in their desired timing.