



MANAGING EQUITY COMPENSATION **IN CHALLENGING MARKET ENVIRONMENTS**

For many years and through all types of market conditions, Brand AMG has helped corporate executives manage equity compensation and the complexities that come with it. In this white paper, we share some of the key strategies and mindsets that have helped executives make the most of their opportunity set during challenging market environments.



BRAND ASSET MANAGEMENT GROUP
A Mosaic of Financial Experts

MANAGING EQUITY COMPENSATION

HOW TO USE THIS WHITEPAPER

Equity compensation creates a variety of unique and complex decision points within your wealth management strategy. As a result, it can be difficult to keep track of the moving pieces—and during periods of market volatility, this complexity is often magnified. Our objective is to help you manage the moving pieces and extract the maximum value from your equity compensation, through all market environments.

At Brand Asset Management Group, we have more than 20 years of experience helping corporate executives effectively manage their equity compensation. And in this 15-page whitepaper, we share several of the key strategies and insights that we have used to help clients manage challenging marketing environments and complex planning decisions.

We wouldn't recommend reading this white paper front-to-back. Instead, we encourage you to skip ahead to the sections that are most relevant to your unique circumstance. This information is not a replacement for personalized advice, and we invite you to connect with our team as well as a qualified CPA for tax implications.

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MANAGING EQUITY COMPENSATION

MEET CHARLOTTE

Throughout this whitepaper, we will demonstrate the real-world application of various equity compensation scenarios and strategies using a hypothetical executive: Charlotte. We will share a bit about Charlotte's financial life and wealth management objectives, then show how different forms of equity compensation impact Charlotte's tax, wealth, and estate planning strategies.

Charlotte, 52, earns \$250,000 per year as VP of International Sales for a manufacturing company. Most of Charlotte's energy is spent managing her company, which doesn't leave a lot of time or opportunity to review or craft a plan for her equity compensation package. Her spouse earns \$200,000 per year, and their goal is to retire at age 62. Charlotte and her spouse have three children.

Charlotte's goal is to live comfortably in retirement and spend her time focusing on her passion: helping provide educational opportunities to underprivileged children. Charlotte plans to volunteer with underprivileged children and teach them business fundamentals and entrepreneurship. Charlotte currently makes cash donations to organizations that help provide educational opportunities to underserved children, but she is uncertain whether this is the most effective giving strategy.

CHARLOTTE'S FINANCIAL GOALS

- Leave \$250,000 to each of their children and give the rest away.
- Continue donating \$10,000 per year to organizations that support education for underserved children.
- Make a one-time donation of \$50,000 to help build a school in Africa.



MANAGING EQUITY COMPENSATION

RESTRICTED STOCK UNITS (RSUs)

Restricted Stock Units, or RSUs, are one of the most common forms of equity compensation. With RSUs, employees are granted shares of company stock; however, they do not own the stock outright until certain conditions have been met. In most cases, employees are required to fulfill a predetermined term of employment with the company, also known as a “vesting schedule,” before the shares are accessible.

Vesting schedules commonly last for three to five years, and shares are typically transferred through graded vesting or cliff vesting. With graded vesting, the employee receives a proportionate percentage of the granted shares for every year of service, even if they don’t complete the full term of employment set out in the vesting schedule. With cliff vesting, an employee is granted a certain amount of shares but does not own those shares until they fulfill the total service time requirement as specified by the vesting schedule.

STRATEGIC CONSIDERATIONS FOR RSUs

RSUs are not taxed when they are first granted, but rather at the time they vest. When they vest, they are taxed as ordinary income at their fair market value (FMV). Even though your shares are taxed at the time of vesting, you don’t have to sell your shares at that time. If you choose to hold and sell the shares later, the gains (or losses) from an eventual sale will be taxed at either short- or long-term capital gains rates, depending on whether you’ve held those shares for more than a year after vesting. Because of this, making an 83(b) election is a valuable consideration for executives managing RSUs.

SECTION 83(b) ELECTION

The 83(b) is a provision in the tax code that gives you the option to pay taxes on the total fair market value of your RSUs at the time of granting, rather than at the time they vest. An important note: 83(b) election documents must be sent to the IRS within 30 days after being granted RSUs.

An 83(b) election is worth considering if you believe the value of your shares will increase between when they are granted and when they vest—especially if you think that increase will be significant. If the value of your shares increases during that time frame, you have already prepaid taxes on the shares. For this reason, it’s a good strategy to consider when your company’s stock has recently traded lower and you believe the stock price will appreciate moving forward.

There is, of course, a catch: if you don’t meet the vesting requirements and lose the shares, you will have paid taxes on something for which you never received a financial benefit. And if you continue with the company, but the share price decreases between when the RSUs are granted and when they vest, you’ll have overpaid taxes on your shares. Because of these potential downsides, the 83(b) election is a potent tool that requires very careful consideration.

CASE STUDY

HOW AN 83(b) ELECTION CAN IMPACT TAX EXPOSURE

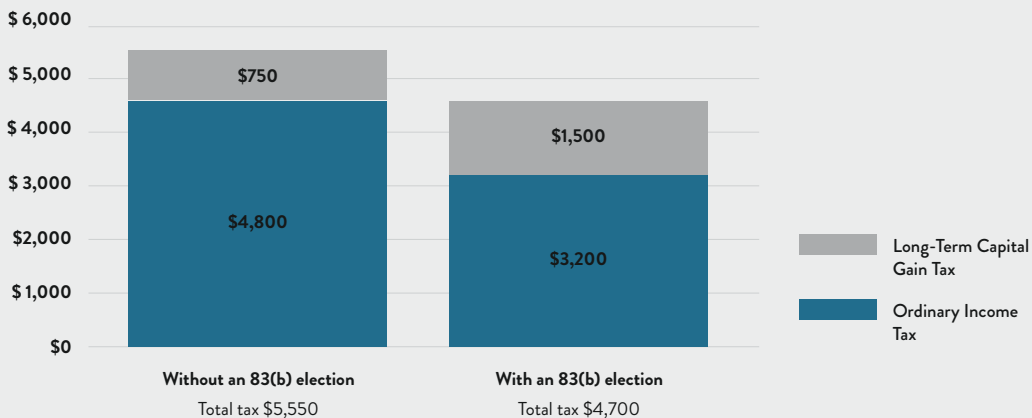
Charlotte was granted 100 RSUs valued at \$100 per share on February 1st, 2022 on a one-year cliff vesting schedule (meaning 100% of her shares will be vested after one year). Charlotte did not make an 83(b) election within the required 30-day period.

On February 1st, 2023, the shares vested at fair market value of \$150 per share, so Charlotte had to report ordinary income of \$15,000. Just over one year later, Charlotte sold her 100 shares at \$200 per share, for a total of \$20,000. Since she already paid taxes on the \$15,000 in 2023, Charlotte reports a long-term capital gain of \$5,000 on the sale.

If Charlotte had made an 83(b) election within 30 days of the shares being granted, she would have reported ordinary income of \$10,000 in 2022 when the shares were granted, then a \$10,000 long-term capital gain when she sold the shares in 2024. Because the shares were held for more than one year, the capital gain would be taxed at 15%, for a total tax liability of \$1,500. By making the 83(b) election, \$5,000 that would have been taxed as ordinary income was taxed as capital gains income, which is a lower tax rate for most executives. In essence, an 83(b) election would have allowed Charlotte to shift the nature of her income, resulting in a roughly 6% reduction in the total liability of the transaction.

As mentioned previously, the downside risk in this strategy comes from two key areas: the company's stock depreciating in price or Charlotte separating from the company at some point between the vest date of the shares and the sale date. If you would like a personalized review of your RSUs and how an 83(b) election may impact your tax picture, we invite you to connect with our team.

SHIFTING TAX EXPOSURE WITH AN 83(b) ELECTION



In this example, the net impact of making the 83(b) election was a 15% reduction in the tax liability from the transaction.

MANAGING EQUITY COMPENSATION

EMPLOYEE STOCK OPTIONS (NQSOs AND ISOs)

Stock options give employees the “option” to purchase company stock at a set price (commonly referred to as the “exercise price” or the “strike price”) at a future date. If the price of company stock rises in the future, stock options may allow employees to buy company stock at a price below market value. Stock options typically come in two forms: Non-Qualified (NQSOs) and Incentive (ISOs).

Like RSUs (covered in the previous section), both NQSOs and ISOs may be subject to a vesting schedule. Unlike RSUs, however, stock options are not automatically granted following completion of the vesting schedule—employees have to purchase the stock. NQSOs and ISOs may also be subject to an expiration schedule, meaning if the stock is not purchased within a certain time frame (for example, ten years from the granting date), the employee loses the option to exercise the option.

STRATEGIC CONSIDERATIONS FOR NQSOs & ISOs

Some plans allow for cashless exercise, in which the company will sell some of their shares and use the proceeds to cover the cost of an employee exercising the options themselves. This can be a good option for employees who want to exercise their options but don't have the liquidity to do so.

TAX TREATMENT OF NQSOs

At the time NQSOs are exercised, the “bargain element”—the difference between the strike price and the current value of the stock when you exercise—is counted as ordinary income and is taxed at ordinary income rates. When NQSOs are sold, the options are subject to capital gains treatment. For tax purposes, the employee's cost basis is the amount paid for the stock, plus any amount included in income upon exercising the option.

TAX TREATMENT OF ISOs

Unlike NQSOs, ISOs qualify for special tax treatment under the Internal Revenue Code. Most of the time, employees only pay taxes when the shares are sold, not when they are granted or when the option is exercised. How those taxes are calculated, however, depends on whether or not the employee meets the “2 & 1” holding period requirement: If the employee holds the stock for at least two years after the grant date and at least one year after exercise, the bargain element is taxed at much more favorable long-term capital gains rates. If those requirements are not met, the bargain element is taxed as ordinary earned income.

The bargain element on shares acquired through ISOs can make employees subject to the alternative minimum tax (AMT) and additional tax-return reporting. Accordingly, employees granted ISOs should do an AMT calculation whenever they plan to exercise their options. Be sure to consult with your CPA for the AMT calculation.

CASE STUDY

DIFFERENCES IN NQSO AND ISO TAX TREATMENT

Charlotte was granted 100 non-qualified stock options on March 1st, 2021. Her strike price was the same as the company stock's value at the time of granting: \$100 per share.

On March 1, 2022, Charlotte's shares vested; the company stock value at the time was \$150, so Charlotte decided to exercise her NQSOs. The bargain element was \$5,000 (\$50 per share x 100 shares), and that amount was included in Charlotte's ordinary income for that year.

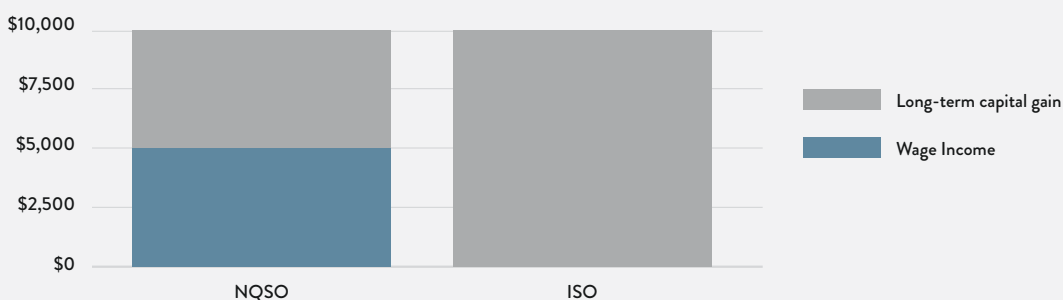
On April 22, 2023, Charlotte sells her 100 shares at \$200 per share. Even though her total cost basis was \$10,000 (100 shares at her strike price of \$100 per share), she'd already paid taxes on the \$5,000 bargain element; therefore, Charlotte reports a long-term capital gain of \$5,000 on her tax return. (If she had sold her shares before March 1, 2023, the capital gain would be taxed at short-term rates.)

Using the same scenario but with ISOs instead of NQSOs, Charlotte would not have had to report any ordinary income when she exercised her shares in 2022. In addition, by waiting until 2023 to sell her shares, Charlotte meets the holding period requirements: she held the shares for two years from the grant and waited one year after exercise to sell them. Therefore, Charlotte would report a long-term capital gain of \$10,000 at the time of the sale.

In the case of the NQSO, half of the increase in value is taxed as ordinary income, and half is taxed as long-term capital gains. Charlotte's income places her in the 32% income tax bracket and the 15% long-term capital gains tax bracket, so her total tax liability for the NQSOs would be \$2,350 (\$1,600 as ordinary income, \$750 as long-term capital gains). With ISOs, the full \$10,000 increase would be taxed at the long-term capital gains rate of 15%, for a total of \$1,500.

As with all options, there is downside risk if the company stock depreciates below the strike price and the options expire worthless. For ISOs held beyond the calendar year in which they are exercised, employees may be subject to the AMT—and if the stock price falls after that calendar year, they will be required to pay taxes on income that never materialized. If you would like a personalized review of your employee stock options and their tax implications, we invite you to connect with our team.

TAX TREATMENT: NQSOs VS ISOs



MANAGING EQUITY COMPENSATION

STOCK APPRECIATION RIGHTS (SARs)

Stock Appreciation Rights (SARs) operate similarly to employee stock options, in that the employee benefits from appreciation of the company stock. When the company's stock price appreciates in market value above the exercise price of the option, an employee with SARs has the right to receive a payout of that excess amount.

The difference between SARs and employee stock options is that the employee receives the benefit from an increase in the stock price without having to purchase the stock. Instead, they are simply paid out when they exercise their options. Employees can be paid out in cash or in company stock, in some cases.

Some companies offer tandem SARs, which grant employees stock options and SARs. With tandem SARs, the employee can use the proceeds from exercising their SARs to fund the purchase of NQSOs. The main benefit of SARs is that employees do not have to invest their own capital to purchase company stock, yet still receive a monetary benefit from an increase in the stock price.



STRATEGIC CONSIDERATIONS FOR SARs

TAX TREATMENT OF SARs

The only time SARs are taxed is at the time of exercise. The appreciated value of the stock (meaning the difference between the stock price at the time of granting and the stock price at the time of exercise) is taxed as ordinary income upon exercise.

Some SARs holders hesitate to exercise their options out of concern for how it might affect their tax strategy; however, if they hold onto their SARs for too long without exercising them, the SARs may expire. In this case, employees may wish to consider exercising their SARs over multiple tax years, which can reduce the taxable burden while still allowing employees to capture the benefit they have earned.

CASE STUDY

EXERCISING STOCK APPRECIATION RIGHTS

Charlotte's compensation package includes SARs. She is granted 100 SARs at a strike price of \$100 per share; the company stock price is also \$100 per share.

A year later, Charlotte's SARs vest when the company stock is worth \$125 per share. At this point, each SAR is worth \$25 ($\$125 - \100); therefore, she can be awarded \$2,500 in cash. If Charlotte decided to exercise and take the cash, the \$2,500 payout would be reported on her tax return as ordinary income.

If Charlotte's employer also offers tandem SARs, Charlotte can choose to forego the cash payment and receive 20 shares ($\$2,500$ divided by the current share price of \$125) without having to pay for them. Even though she is taking shares instead of cash, the value of the shares will still be reported as ordinary income on Charlotte's taxes.

If you would like a personalized review of your Stock Appreciation Rights and the best way to structure an upcoming payout, we invite you to connect with our team.

MANAGING EQUITY COMPENSATION

EMPLOYEE STOCK PURCHASE PLAN (ESPP)

An Employee Stock Purchase Plan, or ESPP, is a program that allows employees to use after-tax payroll deductions to purchase shares of company stock at a discount. During the “offering period,” which typically lasts one quarter, participating employees have a portion of their paychecks set aside in a separate account, where the funds accumulate. At the end of the offering period, the accumulated funds are used to purchase shares at that discounted price.

There are two types of ESPPs: qualified (also known as Section 423 plans), and non-qualified plans. Qualified plans are more common and receive more favorable tax treatment than non-qualified plans; however, qualified plans can only offer a maximum discount of 15% from the current fair market value of the stock, whereas non-qualified plans can potentially offer more than 15%.

STRATEGIC CONSIDERATIONS FOR MANAGING AN ESPP

Non-qualified plans are taxed at the time of purchase and the time of sale. The discount on the shares relative to the fair market value at the time of purchase is taxed as ordinary income. Any profits (meaning the sale price, minus the FMV on the date the shares were purchased) are taxed as capital gains at the time of the sale.

Qualified plans, on the other hand, do not incur taxes until the shares are sold; however, when the sale occurs, employees still have to pay ordinary income tax on the discount and capital gains tax on any profits. In short, qualified plans allow employees to limit ESPP-related tax events to a single year: the year the stock is sold.

QUALIFYING VS. NON-QUALIFIED SALES

There are two types of sales for qualified ESPPs: qualifying dispositions (QDs) and non-qualifying dispositions and they have different tax treatments. In order to be eligible for a QD, employees must wait at least two years from the start of the offering period to sell their shares, and they must hold the shares for at least one year.

If an employee sells their shares without meeting the requirements for a qualifying disposition, it is considered a non-qualifying disposition and will be taxed depending on a variety of different factors (e.g., if the shares are sold more than one year after purchase but less than two years from the offering date, etc.).

For this reason, we prefer to look at potential ESPP stock sales on a “lot by lot” basis, meaning we review each time you purchased ESPP stock to determine what is qualified and what is not and potentially minimize your tax liability.

CASE STUDY

SELLING SHARES FROM A QUALIFIED ESPP

Charlotte has the opportunity to participate in a qualified ESPP offered by her employer. Her offering period begins on April 1st, 2021 and ends on June 30th, 2021; during that period, a portion of her paycheck is contributed and held.

At the end of the offering period, the company stock is worth \$100 per share. Charlotte's company offers the maximum 15% discount, so Charlotte purchases 10 shares for a total of \$850. On April 1st, 2023, the company stock price has risen to \$120, and Charlotte sells her shares for a total of \$1,200.

Charlotte meets the conditions for a qualifying sale, since she held the shares for two years from the start of the offering period and for one year after purchasing them. Therefore, Charlotte will report ordinary income of \$150 for the original discount (\$1,000 FMV - \$850 discounted price). Charlotte will also report a long-term capital gain of \$200 (\$1,200 sale price - \$1,000 FMV at the time of purchase).

The downside risk in this strategy comes from the possibility that the company stock depreciates in price from the time of the offering period to when Charlotte is preparing to sell. If you would like a personalized review of your ESPP and how to take a strategic approach to managing your shares, we invite you to connect with our team.



MANAGING EQUITY COMPENSATION

EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

An Employee Stock Ownership Plan, or ESOP, are benefit plans that provide employees with an ownership interest in the company. Ideally, over time, the employee's ownership stake in the company grows, and as the value of the company continues to increase, so too does the value of the employee's ownership share.

On a long-enough timeline, a large amount of an employee's wealth can be concentrated in their ownership interest in their company. If the value of the company continues to increase, that can be a positive; however, it also means that their financial well-being can rely heavily on the continued success of the business. Most employers are aware of this potential risk, and many allow employees who reach a certain age elect to exchange a portion of their ownership stake for diversification purposes.

STRATEGIC CONSIDERATIONS FOR MANAGING AN ESOP

When the employee separates from service with the company—typically at retirement—they receive a distribution equal to the value of their ESOP account. That can come in the form of cash (especially if the employer is a privately-held company) or company stock. The distribution is taxed at ordinary income rates; however, in most cases, employees do have the option to roll it over to an IRA or another qualified retirement plan in order to delay taxation.

NET UNREALIZED APPRECIATION (NUA)

If the employee works for a public company and will eventually receive a distribution of company stock rather than cash, they may be able to use net unrealized appreciation, or "NUA," to reduce the taxable burden of the distribution by converting some of the ordinary income tax to capital gains tax.

Each year, the employer contributes shares to the employee's ESOP account. These shares are marked at their value in the year they were contributed, and the total over the course of the employee's career equals their cost basis for the shares; any amount above that is considered capital gain (or "appreciation").

Employees whose ESOP shares have significantly increased in value may wish to utilize NUA—the lower cost basis means a smaller proportion of the value will be taxed at ordinary income rates, while the bulk of the value will be taxed at long-term capital gains rates, which is often a more favorable rate.

CASE STUDY

UTILIZING NUA WITH AN ESOP

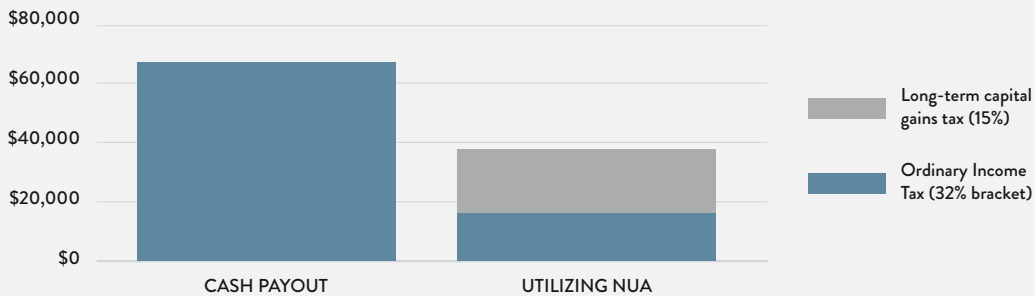
Charlotte's employer offers an ESOP, and each year, company stock is contributed to Charlotte's account. At the time of Charlotte's retirement, the cost basis of her company stock is \$50,000, and the total current market value of her shares is \$200,000.

If Charlotte takes a cash distribution, the entire \$200,000 will be taxed as ordinary income, either when she receives the payout or—if she rolls it into an IRA or other qualified account—when the funds are distributed from the account.

Because the cost basis of the company stock is much lower than the current market value, Charlotte can take receipt of the stock and utilize NUA. By doing so, she will only need to pay ordinary income tax on the \$50,000 cost basis; the remaining \$150,000 will be taxed at long-term capital gains rates.

Since Charlotte is in the 32% tax bracket, utilizing NUA could significantly reduce the tax liability associated with the distribution of her ESOP shares.

UTILIZING NUA WITH AN ESOP



If you would like a personalized review of your Employee Stock Ownership Plan and how to strategically approach a future distribution, we invite you to connect with our team.

MANAGING EQUITY COMPENSATION

MANAGING CONCENTRATION RISK

There are a number of potential risks with equity compensation. For example, stock valuation can be volatile, and insiders (i.e., employees) may be restricted in their ability to sell their shares. And although rare, companies may utilize clawback clauses to reclaim stock options from employees. These risks are often beyond our control. However, executives can control their exposure to the biggest and most common risk associated with equity compensation: concentration risk.

Over time, employees who receive company shares or the option to purchase company shares often wind up with a portfolio that is heavily weighted towards their employer's stock. As a result, their net worth and financial legacy can become overly reliant on the performance of a single company.

STRATEGIES FOR MANAGING CONCENTRATION RISK

With careful planning, there are steps to reduce the amount of concentration risk in a portfolios. Three strategies to consider are tax lot selling, tax loss harvesting, and option collars.

TAX LOT SELLING & TAX LOSS HARVESTING

Executives may not wish to sell all their company stock, either because the tax liability would be too great or because they believe the value of the shares will continue to increase over time. In this scenario, tax lot selling can be a valuable strategy.

Tax lot selling refers to selling a fixed value of the stock at regular intervals over a specified period; for example, selling 200 shares per quarter for three years. By spreading out the sale of the shares, it is possible to distribute the overall tax liability into smaller, more manageable pieces.

Executives can also consider selling if the stock price dips below their cost basis. This strategy is known as "tax-loss harvesting," and it allows company stockholders to capture capital losses in a given tax year in order to offset any realized capital gains in the same year. Accordingly, selling company shares when the price is below cost basis can be a good way to reduce concentration risk and add more diversification to a portfolio while reducing overall tax exposure.

OPTION COLLARS

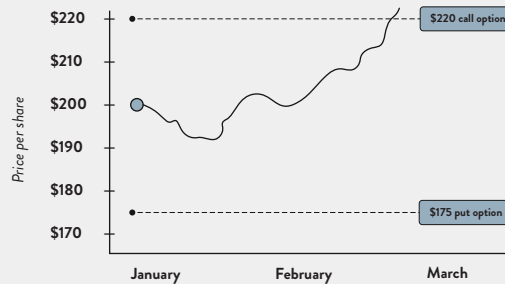
Executives can also use options as a way to reduce concentration risk. With an option collar, the employee purchases a put option on the concentrated stock position; at the same time, the employee sells a call option. Buying put options gives the employee the right to sell their stock position at a given price in the future, which provides protection in the event the stock price falls. Selling a call option provides income that the employee can use to cover the cost of purchasing the put option.

To illustrate this, let's consider the case of Charlotte who has a concentrated stock position in her company's stock. It's January of the new year and her company's stock is trading at \$200 per share and she would like to insulate a portion of her position from downside risk. To do that, she purchases three put options with a strike price of \$175 that expire on March 31st. These three options give her the ability to sell 300 shares (each option covers 100 shares) of her company's stock at \$175 at any time before March 31st. Each put costs \$1,000, so the total cost to Charlotte is \$3,000.

To help offset the cost of the three put options she sells three call options with a strike price of \$220 that expire on March 31st. These options give the purchaser (whomever bought them from Charlotte) the right to purchase 300 shares of her company's stock at \$220 per share at any point before March 31st. She receives \$3,000 for selling the three call options, so her net cash outlay is \$0 to establish this option collar.

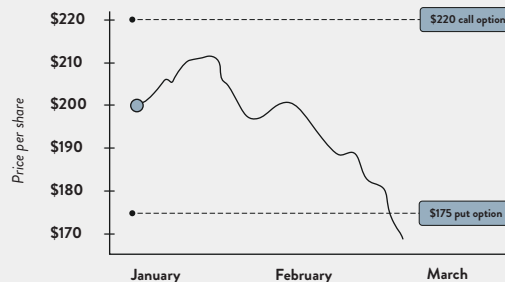
From here, there are three paths forward: the stock price rises, the stock price falls, or the stock price remains between the collar. Let's look at each scenario.

THE STOCK PRICE RISES



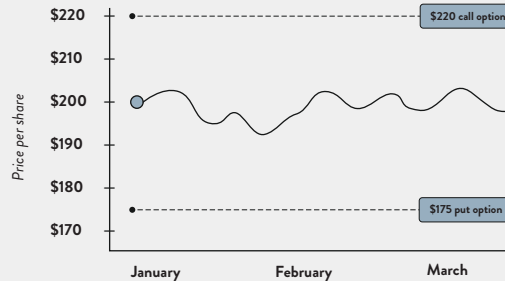
If the stock price moves above \$220 per share before March 31st, the call options might be called and she would sell 300 shares of her company's stock at \$220 per share. This would be up 10% from the stock price in January when she established the option collar.

THE STOCK PRICE FALLS



If her company's stock trades below \$175 per share before March 31st, she has the right to sell 300 shares of company stock at \$175 per share. In this case, she has set a price floor on 300 shares at \$175, giving her downside protection.

THE STOCK PRICE REMAINS BETWEEN THE COLLAR



The final scenario is if the stock price trades sideways through March and remains above her put option and below the call option. In this case, both of the options expire and she doesn't sell any of her company stock.

As you can see, options can be a great way to provide security and stability in a concentrated portfolio, but there are a number of considerations that executives should keep in mind, as they could impact the utility of an equity collar.

These considerations include, but are not limited to rules regarding insider transactions, expected volatility of the underlying stock, expiration timelines, depth/volume of options chains, earnings releases, overall valuations relative to peers, and SEC "wash sale" rules. If you are interested in using options to help reduce volatility, we encourage you to connect with our team for a personalized consultation.

MANAGING EQUITY COMPENSATION

CLOSING THOUGHTS

When market volatility arises, it is especially important to identify the right strategy to effectively navigate that uncertainty and protect the wealth you have worked so hard to build. If you would like to discuss your equity compensation and how best to manage it in light of current market conditions, the team at Brand Asset Management Group is here to help.

HOW TO REACH US

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GLOSSARY OF TERMS

ALTERNATIVE MINIMUM TAX (AMT): The AMT is expressed as a percent and defines the minimum income tax that can be paid within a given tax year. If, after calculating all deductions and tax credits, a taxpayer is below the AMT, they will pay the AMT for that tax year.

CAPITAL GAINS TAX: This tax applies to investments which are sold at a profit, payable in the tax year in which those investments were sold. Capital gains come in two forms: long-term capital gains and short-term capital gains. Short-term capital gains are for investments held less than a year, and are taxed at the owner's ordinary income rate for the year. Long-term capital gains are taxed on a sliding scale, depending on the ordinary tax rate of the owner.

COST BASIS: The price that stock was originally acquired at. For executives managing stock options, this is the strike price multiplied by the number of shares exercised.

EXERCISE: In the case of call options, electing to buy stock at the strike price. In the case of put options, electing to sell stock at the strike price.

EXPIRATION DATE: The date at which stock options are no longer valid. Once this date has passed, it is said the options have "expired worthless."

ORDINARY INCOME TAX: This tax applies to wages, salaries, tips, and commissions. The sum of these income sources is what defines your ordinary income tax rate. For most executives, this tax rate exceeds 30% per year.

STRIKE PRICE: For a call option, this is the price at which the owner may purchase shares. This is expressed in dollars per share.



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(RSUs)**

www.schwab.com/public/eac/resources/articles/rsu_facts.html
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**EMPLOYEE STOCK OPTIONS
(NQSOs AND ISOs)**

www.brightonjones.com/blog/iso-vs-nso/
www.IRS.gov

**STOCK APPRECIATION
RIGHTS (SARs)**

www.fidelity.com/products/stockoptions/aboutsar.shtml

**EMPLOYEE STOCK
PURCHASE PLAN (ESPP)**

www.mystockoptions.com
www.IRS.gov

**EMPLOYEE STOCK OWNERSHIP
PLAN (ESPO)**

www.crowe.com/insights/esop-and-nua-tax-treatment
www.investopedia.com/terms/e/esop.asp
www.IRS.gov

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