

# A Guide for Executives From Shares to Success: Making Equity Work For You

How to maximize your equity compensation through planning, tax optimization & portfolio diversification



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# Make your equity count

As a leader in your company—whether as a director, VP or C-level executive—you’ve earned a seat at the table. With that comes the reward of a more complex compensation package, including equity compensation, which can make your company’s stock a significant part of your overall wealth. This can be lucrative, but managing it effectively isn’t easy.

Equity compensation is more than just a benefit; it’s a financial tool that can help fund your future—whether that’s retirement, a major life goal or creating generational wealth. Not planning ahead can lead to missed opportunities, unexpected tax burdens and increased exposure to market volatility or over-concentration in a single stock.

## Key concerns for executives like you often include:

- **Portfolio diversification:** How can you reduce concentrated stock risk while meeting ownership requirements?
- **Timing decisions:** When should you sell shares to align with market conditions and personal goals?
- **Tax optimization:** How can you minimize tax liabilities and keep more of what you earn?
- **Long-range financial planning:** How can you ensure long-term financial goals, aligned with your values, are met for you and your family?

This guide breaks down the essentials of equity compensation to help you address these challenges. With proactive planning and the support of an experienced wealth manager, you can transform complexity into clarity, manage risks and unlock the full potential of your financial future.

**Want to learn more?** Explore our [comprehensive guide](#) to equity compensation.

[Plan early—Your wealth depends on it.](#)

# The essentials of equity compensation

## Know your equity types and tax treatments

Executives typically receive a mix of:

- **Restricted stock units (RSUs):** Taxed as ordinary income when they vest.
- **Non-qualified stock options (NQSOs):** Taxed at exercise, with the gain treated as ordinary income.
- **Incentive stock options (ISOs):** May qualify for long-term capital gains tax if held for statutory periods but can trigger the alternative minimum tax (AMT) at exercise.
- **Access to employee stock purchase plans (ESPPs):** Discounts are taxed as income when shares are sold; additional gains may qualify for capital gains treatment based on holding periods.

### Pro Tip

Know your vesting schedules and tax triggers to avoid surprises.

Read more for a deeper dive into the differences between RSUs, ISOs and NQSOs.

## Deferred compensation plans as a strategy

Deferred compensation plans can help executives meet stock holding requirements by deferring RSU income into future years, avoiding sell-to-cover transactions, and allowing for greater stock accumulation. These plans may also allow deferral of cash compensation, offering flexibility to align compensation with long-term goals and manage tax liabilities.

### Timing decisions: strategic selling

Selling your equity at the right time can significantly impact your financial outcomes. Consider:

- **Cash flow needs:** Plan sales to fund personal goals like retirement savings, major purchases, or investments.
- **Tax implications:** Work with a financial advisor to map out how your sales will affect both short- and long-term tax obligations.

### Pro Tip

As your career evolves, deferred compensation can shift from a stock-accumulation tool to a tax-efficient strategy for retirement planning.

- **Market trends:** Time sales during favorable market conditions to maximize value.

## Smart strategies for equity success

### Tax optimization tactics

Navigating equity compensation taxes is critical for preserving wealth:

- **AMT and ISOs:** Exercising ISOs may trigger the AMT, requiring careful planning. Since companies typically don't withhold taxes on ISOs, understanding your potential liability is crucial to avoid unexpected bills.
- **Capital gains and holding periods:** Shares held for more than a year post-exercise usually qualify for long-term capital gains tax rates, which are lower than short-term rates.
- **83(b) election:** For restricted stock or stock options with high-growth potential, filing an 83(b) election can reduce future tax liabilities by converting ordinary income into long-term capital gains. However, this decision is irreversible and carries risk if the stock loses value or doesn't vest.
- **Tax withholding and reporting:** Ensure that enough taxes are withheld on RSUs and NQSOs at vesting or exercise and confirm accurate reporting on your W-2 and tax filings.
- **State taxes:** Account for both state and federal tax obligations to avoid unexpected liabilities.

#### Quick Tip

Coordinate the timing of equity sales with charitable giving to offset taxable gains. Donating appreciated stock to a donor-advised fund (DAF) can eliminate capital gains taxes while maximizing your charitable deduction—a win-win strategy.

### Diversify your wealth

Holding too much of your wealth in a single company's stock can expose you to unnecessary risk. **Diversification** spreads your investments across asset classes, industries and regions to create stability and reduce volatility. Aspiriant's investment approach combines global asset allocation with personalized strategies to balance concentrated stock exposure and achieve long-term financial goals.

## Leverage a 10b5-1 plan

As a corporate insider, you may face restrictions on selling shares. A [10b5-1 plan](#) allows you to pre-schedule sales, ensuring compliance with insider trading laws while maintaining financial flexibility.

## Award-winning know-how

Aspiriant is trusted by employees from top companies, including Palantir, NVIDIA, Snowflake, Cruise, IBM and Microsoft, to simplify complex equity compensation plans. Whether fine-tuning your financial strategy or just beginning to explore your possibilities, Aspiriant's [award-winning](#) wealth managers help executives:

Helping employees manage equity at:



- Optimize timing decisions to align with personal and market goals.
- Minimize tax burdens through strategic planning.
- Diversify concentrated stock positions to reduce risk and stabilize wealth.

## Next steps

### Turn complexity into opportunity

Equity compensation can be daunting, but with the right strategy and the right team guiding you, your financial goals can be achieved. [Schedule a consultation](#) and let us help you transform your equity compensation into a powerful tool for building lasting wealth.



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