

Executive Equity Tax Planning Checklist

ISO, RSU & Incentive Equity Strategies

Prepared by

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SECTION 1 — Understand Your Equity Compensation

- Identify all equity awards received
- Confirm award types:
 - Incentive Stock Options (ISOs)
 - Nonqualified Stock Options (NSOs)
 - Restricted Stock Units (RSUs)
 - Performance-based awards
- Review grant dates, vesting schedules, and expiration dates
- Confirm strike prices and current fair market value

 **Call-Out:** Different equity awards are taxed at **different times and rates**. Misunderstanding the type of award is one of the most common and costly mistakes executives make.

SECTION 2 — ISO-Specific Tax Planning

- Determine whether exercising ISOs triggers **Alternative Minimum Tax (AMT)**
- Model AMT exposure **before** exercising
- Consider partial exercises to manage AMT risk
- Track ISO holding period requirements:
 - 2 years from grant
 - 1 year from exercise
- Evaluate early exercise strategies (if permitted)

 **Call-Out:** Exercising ISOs without AMT modeling can create a six-figure tax bill — even if you don't sell the shares.

SECTION 3 — RSU & Vesting Tax Traps

- Confirm RSU vesting dates
- Review withholding methodology at vest:
 - Federal
 - California
- Evaluate whether withholding covers actual tax liability
- Plan for liquidity to cover tax due at vesting

 **Call-Out:** RSUs are taxed as **ordinary income at vesting**, not when sold — often pushing executives into higher marginal brackets.

SECTION 4 — California-Specific Planning

- Confirm California residency status
- Identify equity earned while working in California
- Evaluate state tax sourcing for:
 - RSUs
 - Stock options
- Model state tax exposure prior to liquidity events

 **Call-Out:** California aggressively taxes equity compensation — even after relocation — if not planned properly.

SECTION 5 — Timing Sales & Liquidity Decisions

- Coordinate equity sales with income timing
- Evaluate capital gains vs ordinary income treatment
- Consider tax-loss harvesting opportunities
- Review blackout periods and trading windows

 **Call-Out:**

Poor timing can result in unnecessary federal and state tax at the highest marginal rates.

SECTION 6 — AMT & Multi-Year Tax Planning

- Project multi-year income including equity events
- Model AMT credits and future recovery opportunities
- Coordinate equity strategy with:
 - Bonuses
 - Other investment income
 - Business income

SECTION 7 — Equity & Retirement Planning Integration

- Coordinate equity income with retirement contributions
- Evaluate impact on:
 - 401(k) / 403(b)
 - Deferred compensation plans
 - Cash balance or defined benefit plans
- Manage cash-flow to avoid forced sales

SECTION 8 — Preparing for a Liquidity Event

- Identify upcoming liquidity events (IPO, acquisition, secondary sale)
- Review equity agreements and restrictions
- Model tax impact **before** the event
- Coordinate CPA, financial, and legal strategy

 **Call-Out:**

Most tax mistakes around liquidity events happen **before** the transaction — not after.

SECTION 9 — Work With a CPA Who Specializes in Equity Compensation

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Confirm your CPA understands:

- AMT planning
- Equity award taxation
- California Sourcing Rules
- Multi-year projections

Schedule proactive planning — not reactive filing



Ready to Go Deeper?

If you receive equity compensation and want proactive, CPA-led guidance, reach out to schedule an introductory call.

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