

Financial Planning Considerations for Equity Compensation Based Wealth



PURE *fi*
— WEALTH —

Tax Planning

The tax implications of equity compensation can be complex. To navigate this:

Engage an advisor and a tax professional experienced with equity compensation

Understand the tax implications of your specific grant type (NSOs, ISOs, RSUs)

Consider strategies to spread out tax liabilities over multiple years

Learn about tax-loss harvesting to offset gains from equity sales

Diversification: A Critical Priority

Your wealth may be over-concentrated in one company's stock. To mitigate this risk:

- Prioritize diversifying into other assets (e.g., index funds, bonds, real estate)
- Set a schedule to gradually and systematically sell company stock and reinvest elsewhere
- Aim for a balanced portfolio appropriate for your age and risk tolerance

When assessing your risk tolerance, consider:

- Your comfort level with potential value fluctuations
- Your age, career stage, and overall financial situation
- The concentration risk of both your career success and your wealth being tied to the performance of one company

Develop a plan for gradually reducing concentration risk as you approach major financial milestones.



Long-Term Financial Planning

Your equity compensation may open up opportunities but requires careful planning:

Engage a financial advisor to develop a comprehensive financial plan that incorporates your new wealth



Develop an investment strategy including estate planning and wealth transfer objectives



Set clear long-term goals (early retirement, starting a business, philanthropy)



Continue to fund traditional retirement savings vehicles like 401(k)s and IRAs



Regularly reassess the balance between short-term and long-term financial objectives, and evaluate trade-offs between holding equity and other financial priorities like debt repayment.



Emergency Fund and Liquidity Needs

Ensure you have financial stability beyond your equity:



Establish a robust emergency fund separate from your equity



Understand any restrictions on selling your equity (e.g., lockup periods, trading windows)



Plan for liquidity needs, keeping in mind potential market volatility



Giving and Social Responsibility

Consider how your accumulated equity-based wealth can help you achieve any impact goals:

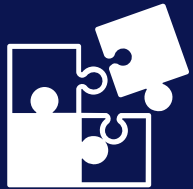
Reflect on passions and values to identify causes that resonate personally

Learn about sustainable and socially responsible investing options

Set up a giving strategy or explore impact investing

Managing Future Equity Grants

As you progress in your career, you may receive additional equity compensation:



Understand how future equity grants fit into your overall compensation package



Develop a strategy for managing new grants in the context of your existing wealth



Regular Rebalancing

Maintain a balanced portfolio through regular review and adjustment:

Set target allocations for your overall portfolio, including equity compensation

Establish triggers for rebalancing, such as when allocations drift beyond certain thresholds

Consider tax implications when rebalancing

Reassess your overall strategy annually or when significant life changes occur

Continued Education and Career Development

Your financial situation has changed, but your personal growth shouldn't stop:

Invest time in improving your financial literacy

Learn about different investment options and strategies

Stay informed about your company's performance and industry trends

Don't let accumulated wealth derail your professional growth

Explore opportunities for professional development or further education



Personal Development

Don't forget to invest in yourself:



Prioritize your physical and mental health



Explore new interests or hobbies that your newfound financial security allows



Consider seeking mentorship from individuals who have successfully navigated accumulated wealth



Take your time making major decisions and seek professional advice when needed. Don't shy away from potential costs associated with proper planning and advice. The costs of not engaging qualified professionals as you attain new levels of wealth and complexity can be significant. Regular review and adjustment of your strategy is key as your life circumstances and financial goals evolve.

CONTACT US



PUREfi Wealth LLC
10 Post Office Square, Suite 710
Boston, MA 02109



617-488-9320



contact@purefiwealth.com



www.purefiwealth.com



About PUREfi Wealth

Headquartered in Boston, PUREfi Wealth is an independent wealth advisory boutique. The firm is deeply committed to providing comprehensive, multi-generational advice, wealth planning, and investment management to individuals, families, and their associated entities, and operating under a fiercely independent and objective fiduciary standard through a state-of-the-art open architecture investment and technology platform.

PUREfi Wealth, LLC ("PUREfi") is a registered investment adviser with the Securities and Exchange Commission. Any reference to the terms "registered investment adviser" or "registered" does not imply that PUREfi or any person associated with PUREfi has achieved a certain level of skill or training. A copy of PUREfi's current written disclosure statement discussing our advisory services and fees is available for your review upon request. The information provided is for informational purposes only and advisers should determine for themselves whether a particular service or product is suitable for their clients' investment needs. The information contained herein should not be construed as an attempt to sell or solicit any products or services of PUREfi or any investment strategy. PUREfi does not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction. This material is proprietary and may not be reproduced, transferred, modified or distributed in any form without prior written permission from PUREfi. PUREfi reserves the right, at any time and without notice, to amend, or cease publication of the information contained herein. Certain information contained herein has been obtained from third-party sources and has not been independently verified. It is made available on an "as is" basis without warranty. Any strategies or investment programs described in this presentation are provided for educational purposes only and are not necessarily indicative of securities offered for sale or private placement offerings available to any investor. The views expressed in the referenced materials are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance; actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.