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LEARN | Restricted Stock Units: Incentive Compensation

Your clients and prospects may receive restricted stock units (RSUs) as a company benefit, and look to you for recommendations and point of view.

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Did You Know?

RSUs can be confusing because of their complicated names; however, there is nothing especially magical about this kind of compensation awards. "Restricted" simply means that the recipient cannot dispose of them until they vest and become tradeable stock.



Key Takeaway

Your client can sell RSUs upon vesting and diversify or donate the cash proceeds. It's important to remind clients and prospects they cannot take action until shares vest.

Questions to Ask Clients and Prospects

Conversation starters to help gauge their level of understanding, meet them where they are and present the appropriate options.

Question

Do you receive RSUs as part of your compensation?

Question

Do you know the vesting schedule for your RSUs?

Question

Do you know when RSUs are taxed?

Question

Do you know the main considerations with RSU taxation?

Next Step

Brush up on the details of vesting in order to have a full picture of your clients' and prospects' situation.

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Tax-loss harvest transactions aren't beneficial in a retirement account because the losses generated in a tax-deferred account cannot be deducted.

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