



# The Women in Tech Equity Compensation Playbook

*Build Wealth with RSUs, ESPPs, and Stock Options*

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# How High-Earning Women in Tech Turn Their Equity Compensation Into Long-Term Wealth, Lower Taxes, and More Freedom

## WHY THIS GUIDE EXISTS

As a woman in tech, a big part of your compensation comes from equity - RSUs, ESPPs, stock options, and bonuses.

But most people receive these benefits without the explanation they need to use them well.

This guide explains, in plain English:

- What each form of equity compensation is
- How taxes work (without jargon)
- What strategies actually help build long-term wealth
- What mistakes to avoid
- How to use your equity to create more freedom, flexibility, and options

This is the guide you should have been given on your first day.

# Part 1: RSUs - THE FOUNDATION OF YOUR EQUITY WEALTH

## What RSUs Are — In Plain Language

RSUs are company stock your employer gives you as part of your compensation.

They are not yours immediately. They become yours when they vest.

When RSUs vest:

- They show up in your paycheck as income
- You owe taxes on them right away
- You receive the shares (net of the ones sold for withholding)

## Why RSUs Often Cause Tax Surprises

Companies often withhold 22% for federal taxes on RSUs up to \$1M dollars, which might be lower than your actual marginal tax rate.

This is why RSUs create surprise tax bills.

## Common RSU Mistakes

- Holding RSUs too long and becoming over-concentrated in one stock
- Not realizing you are under withholding taxes and having a large tax bill at filing (including penalties for not paying taxes on time, ouch!)
- Missing blackout periods and planned sales
- Assuming RSUs will always increase in value

## The Action Plan

- Create an intentional plan for RSUs to avoid accumulating shares by default
- Set aside additional tax reserve amounts to prepare for potential under-withholding.
- Avoid concentration risk as company stock grows relative to the rest of your portfolio
- Consider how proceeds from RSUs could support a diversified portfolio aligned to your goals, timeframe until you need this money, and risk you are willing to take on your investments
- Decide what you want your RSUs to help pay for, for example, building an HSA or Roth IRA, saving for college in a 529, or creating flexibility for big goals like time off or early retirement.

# Part 2: ESPPs - THE CLEVER MONEY MACHINE

## What ESPP Is - In Plain Language

An ESPP lets you buy your company's stock through payroll deductions, usually at a discount (often 10% to 15%).

Some ESPPs also have a lookback provision, meaning the discount applies to the lower price between:

- The beginning of the purchase period, and
- The end of the purchase period

This creates an immediate built-in gain.

## Why ESPPs Can Be One of the Best Wealth Tools

When done correctly, ESPPs offer:

- Instant return due to the discount
- Low risk if you sell shares immediately
- A reliable way to boost savings without needing to time the market

## Tax Rules You Need To Know

There are two ways ESPP sales are taxed

- **Qualifying disposition**  
(held long enough = more favorable tax treatment)
- **Disqualifying disposition**  
(sold early = less favorable)

In reality, most women in tech choose between:

- Selling immediately for low risk and predictable gain
- Holding strategically if diversification is already strong and goals support it

## The Action Plan

- Assess whether participating in your ESPP makes sense for your cash flow and savings capacity
- Understand how selling shares affect risk and taxes and how proceeds could support a well-diversified portfolio
- Be mindful of concentration risk when holding stock through ESPP
- Know your plan's discount and lookback rules - they determine your return

# Part 3: STOCK OPTIONS - YOUR SECRET UPSIDE (IF YOU PLAN WELL)

## What Stock Options Are - In Plain Language

Stock options give you the right to buy company stock at a set price (called the strike price), even if the stock's market price is higher.

There are two types:

- 1** ISOs (Incentive Stock Options)  
These have potential tax advantages but may trigger AMT.
- 2** NQSOs (Non-Qualified Stock Options)  
These are straightforward and taxed as regular income when you exercise them.

## AMT Explained Simply

AMT (Alternative Minimum Tax) is a second tax system the IRS runs to make sure high-income earners pay a minimum level of tax, especially when they have "paper gains" from things like ISOs. The IRS calculates your tax under both systems, and you pay whichever number is higher.

ISOs can trigger AMT because the IRS treats the difference between your strike price, and the market price at exercise as a special type of income for AMT purposes, even though you have not actually sold the shares.

This can create a surprise tax bill, cash flow issues and forced sales later. You only know whether AMT will apply by running a tax projection before exercising.

## The Biggest Mistakes Women Make

- Waiting too long and exercising too late
- Exercising without understanding AMT exposure
- Letting options expire unused
- Exercising before leaving the company without a tax plan
- Incorrect timing around liquidity events


## The Action Plan

- Build an exercise timeline in advance
- Keep a clear inventory of strike prices, grant dates, and expiration dates
- Run AMT projections before exercising ISOs
- Evaluate early exercises if your company permits it
- Exercise only with a clear tax strategy to avoid surprises

# TAX STRATEGIES FOR WOMEN WITH EQUITY COMP

Equity compensation can create meaningful opportunities, but it also introduces tax complexity. The information below is provided for educational purposes only and reflects general considerations, not recommendations. Individual outcomes depend on your income, tax situation, and goals, and this information should be evaluated in the context of your personal circumstances with a qualified professional.

- 1** **Considering RSU Sales and Tax Bracket Impact**  
Selling RSU shares can influence your taxable income in a given year. Thoughtful timing of sales may help manage cash flow, reduce unexpected tax outcomes, and avoid large fluctuations in income.
- 2** **Tax-Loss Harvesting and Tax-Gain Harvesting**  
Investment losses may be used to offset gains, subject to IRS rules and limitations. In some cases, realizing gains during lower-income years may result in lower effective tax rates. These techniques require careful coordination with your financial planner or tax professional.
- 3** **Mega Backdoor Roth Contributions**  
Some employer plans allow after-tax 401(k) contributions that may be converted to Roth accounts, subject to IRS limits and plan rules.
- 4** **Backdoor Roth IRA for High Earners**  
Some high earners may still be able to contribute to a Roth IRA using the backdoor Roth contribution approach, though existing retirement account balances can affect the tax result.

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- 5 **HSA as a Long-Term Planning Tool**  
HSAs can offer tax advantages when used appropriately. Qualified medical reimbursements are not subject to a specific IRS deadline, so you can invest the contributions and reimburse for expenses years later.
  - 6 **Charitable Contribution Strategies**  
Bunching charitable contributions, using donor-advised funds, or donating appreciated stock in a specific year might improve tax efficiency in certain situations.
  - 7 **Understanding Long-Term vs Short-Term Capital Gains**  
The length of time an investment is held can affect how gains are taxed. Short-term gains taxed as income; long-term gains taxed at lower capital gains rates.
  - 8 **Coordinate Multiple Income Sources**  
RSUs, ESPPs, bonuses, and stock options can cause income to fluctuate year to year. Understanding how these income streams interact may help smooth tax outcomes over time.
  - 9 **Plan Around Career Changes**  
Promotions, job changes, and equity events often create planning windows. Evaluating tax implications during these transitions can help align decisions to reduce taxes long-term.
  - 10 **Leverage Deferred Compensation Plans**  
Some employers offer deferred compensation arrangements that shift income into future years. Understand the details of your offer to potentially shift income to lower income years to reduce taxes.

## CONCLUSION

You deserve financial advice that honors your intelligence and your ambition.

If you want a partner who will:

- Understand your full compensation picture
- Create a tax-aware, equity-informed plan
- Support you through career and life transitions
- Reduce overwhelm and increase confidence

I would love to talk with you.

A complimentary consultation is best for women who want clarity around RSUs, ESPPs, stock options, and how those decisions fit into the bigger picture of their lives.

**Schedule a complimentary consultation with  
Maria Castillo Dominguez.  
Your clarity starts here.**

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