

Case study #5: Exercise window of stock options, and if you leave the company before they are fully vested.

Key takeaway: Know your exercise window, when you initially accept a job offer with your new company, not when you are leaving the company.

Solution: In this case, we were able to show our client that they could still exercise their options, 1 year after exit, and would not have to forfeit them.
Savings=saved the client 6 figures.

One additional consideration: always know the exercise window of your options. The exercise window is the length of period you have to exercise (to pay) for your options from the day you officially leave your company. Usually, this has been 90 days historically for many companies, meaning you have to cough up the dough for your stock options within 3 months. After this, and your options are not exercisable. However, some companies have started offering more friendly exercise terms, even as high as 10 year windows. There are many case studies on the downsides to stock options when an employee leaves. Many a tech employee have left behind 7 figure payouts because they couldn't afford the exercise price and related tax bill for their stock options.

The takeaway lesson from this is to know your exercise window, when you initially accept a job offer with your new company, not when you are leaving the company. You should know before accepting a job offer: Is this company employee friendly? Does the company want employees to share in the stock option pot of gold or hoard it? Has the company thought ahead about stock option terms?
