For more articles and White papers, visit our website www.mamportfolios.com

RESTRICTED STOCK OR RESTRICTED STOCK AWARDS (RSAS)

(Originally Published in September 2021 Monthly Commentary)

Restricted

Stock



RYAN McCARTHY, CPA®, CFP® Financial Planner 650 610-9540 ryan@mamportfolios.com

"While the tax treatment of Restricted Stock can be complex, understanding the implications and key features provides significant benefits to the employee."

McCarthy Asset Management, Inc. is an independent, fee-only investment advisory firm that has been helping people invest wisely for over fifteen years. Our mission is to help you better understand and improve your financial situation. We specialize in Retirement Planning, Portfolio Management and Tax Planning.

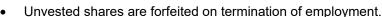


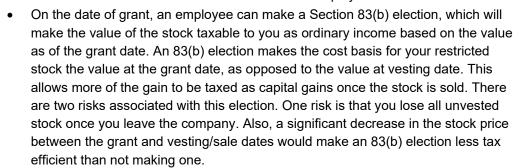




Features:

- Although they are often used interchangeably, Restricted Stock Awards (RSAs) and Restricted Stock Units (RSUs) are two different stock compensation plans.
- Restricted Stock differs from NSOs and ISOs because it's a grant of stock, as opposed to the right to purchase shares.





Tax Treatment:

- Grant
 - ♦ No tax at grant, unless shares are vested immediately at grant or if the employee makes a Section 83(b) election.
- Vesting
 - ♦ FMV of vested shares is compensation income to the employee. An exception is if the employee makes a Section 83(b) election, which causes the taxable event to occur during the granting stage, as opposed to vesting.
 - Tax withholding is required from the company for income tax, FICA & Medicare Tax.
- Sale
 - Excess of sale proceeds over vesting date FMV (or grant date FMV if 83
 (b) election made) is taxed as a capital gain.

Registered Investment Advisor is a person or business regulated by the SEC that provides investment advice or counsel to the investor. Registration does not imply a certain level of skill or training. The Actions of a Registered Investment Advisor are governed by the Investment Advisors Act of 1940. For more information about our company, our services and disclosures, please refer to our website www.mamportfolios.com.