



ROAD MAP ISO

Incentive Stock Options



WHAT WE DO

Stage I (difficult as is)

- Needs request and possible manual adjustments
- Accurate planning, documentation, tax returns
- Check company issued tax documents for accuracy
- Review any prior tax returns
- Tracking of AMT credit, basis, needs

Explain (value add II)

- Function of ISOs and reporting accuracy
 - Any Qualified Small Business stock (SS 1202) if applicable
 - What is the typical benefit of LTCEG via 2GIE and is it worth it for you?
 - AMT adjustment and AMT credits
 - AMT basis and triggering AMT credits from prior years
 - AMT projections and non-linear nature of the tax calculation
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WHAT WE DO

Deliverables possible (value add III)

- Look for easy wins before projections or multi-stage projections
 - Project our baseline, exercise to AMT trigger, exercise with AMT
 - Action or no-action deliverable - Exercise, Sell, Hold, Do Nothing
 - Complication add if high dollar amount with liquidity
 - Complication add with high unexercised appreciation without liquidity
 - Complication add if plans to leave job
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HOW WE DO IT

1. Client call

- Confirm fit and document general ISO profile
- Preliminary value adds and G.CPA Approach
- Basic timelines, billing explanation, and estimate

2. Onboarding and Needs

- Admin (retainer and engagement)
- Basic needs list
- Set first appointment

3. ISO Facts

- Document ISO holdings (cost, ex price, key dates)
- Any possible Qualified Small Business Stock?
- Vest dates and exercise requirements if leave the job
- Liquidity now or in the future

4. Valuation and estimates

- 409a valuation estimates and timeline
- Current and future stock price estimates
- Time want to spend at the company

HOW WE DO IT

5. Budget and desires

- Discuss general budget for exercise and
- possible taxes
- Ability to have liquidity if no dates are set known
- **Are the tax savings worth it to you all things considered?**

6. Deliverables and Projections

- Baseline no exercise ISO
- Exercise to AMT trigger point ISO
- Exercise ISO with fed AMT and possible CA AMT
- Exercise and or sell ISO shares
- All of the above

7. Explanation

- All of the above

8. Action or no action

- **Client determines final action or no action. All questions satisfied.**