

## EMPLOYEE STOCK OPTIONS ANALYSIS/ CONCENTRATED POSITIONS

*As an employee of a company whose stock is publicly traded, you may earn stock options. If managed properly, the stock options you receive from your employer can substantially increase your net worth.*

*The choices you make on investment issues, such as the timing of your stock option exercises and whether you should hold or sell the acquired shares, can significantly affect your overall financial well being. Therefore, it is critical that you understand the potential effects of these decisions before taking action.*

**How and when to exercise your stock options is not a simple decision. To maximize the potential benefits, you need to assess several factors such as:**

- Your personal financial situation, marginal tax brackets, risk tolerance, and need for cash
- The prospects for an increase in value of your company's stock and the potential "opportunity cost" of other investments
- Tax implications especially regarding the different tax treatment between incentive and nonqualified stock options
- Impact of stock options on your overall investment portfolio and total net worth



**KABAREC FINANCIAL ADVISORS, LTD**  
BUILDING BETTER FUTURES

**How to manage a concentrated position of a publicly traded stock is not easy. To minimize risk and to maximize value, several techniques are used. The techniques may include:**

- Hedging
- Market Limit Orders
- Gifting
- Exchange Funds

## HOW CAN KABAREC FINANCIAL ADVISORS HELP YOU MANAGE YOUR EMPLOYEE STOCK OPTIONS?

**Our process at Kabarec Financial Advisors is as follows:**

- To educate and advise employee stock option holders on incentive stock options, nonqualified stock options, and restricted stock grants
- Research the company to become familiar with its profile. We also evaluate the underlying future growth prospects of the stock
- Create multiple what-if scenarios in order to analyze the tax and investment impact of each strategy
- Implement the exercise strategies to maximize after-tax cash flow, increase portfolio diversification, and manage the complex tax implications