Restricted Stock Unit Basics

For U.S. Employees

A restricted stock unit, or "RSU", is not the same thing as a share. It is a promise from the company to deliver a share of common stock to you in the future after all of the applicable vesting requirements have been met.

The Lifecycle of an RSU

1

GRANT

Equity is awarded.

2

VESTING

An RSU is a promise to deliver a share of common stock to you once all requirements (known as vesting) have been met. Vesting requirements can be based on time or performance.

3

TAXATION

RSUs have two taxable events in their life: at delivery and at sale. See details below.

4

TRACKING & OTHER EVENTS

During an open trading window, you can track and/or sell your shares on Shareworks. Upon sale, your proceeds may be subject to capital gains tax. (See tax details below)

How to Manage Your RSUs

1. Log into your Shareworks account
2. View and track your unvested RSUs, including vesting schedules
3. If desired, sell your vested shares on Shareworks during an open trading window
4. Access your sale proceeds and transfer to a Stock Plan Brokerage Account or equivalent account

RSU Taxation

	AWARD	VESTING/DELIVERY	SALE
Description	Equity is awarded.	When the shares vest and are delivered to you, you will recognize ordinary income equal to the the fair market value (FMV) of the shares on the date shares are delivered to you (if the company intends to settle RSUs in stock).	When you sell the shares underlying your RSU, you may have a capital gain or loss equal to the difference between the FMV of the shares at the time of sale and the FMV of the shares on the day they were delivered to you (typically at vest).
Taxes due	None	Ordinary income tax is due on the FMV of the shares delivered to you. *Note: The company may withhold a portion of your shares to cover applicable taxes (i.e. ordinary income, Medicare, Social Security).*	Capital gains tax is due on the difference between the FMV of the shares at the time of sale and the FMV of the shares when they were delivered to you (typically at vest). The capital gain or loss is considered "long-term" if you have held the stock for more than one year from the vesting date. Otherwise it is "short-term" and will be taxed at your federal ordinary income tax rate.
Example	You receive a grant of 100 RSUs that will vest over four years.	After a year, 25 RSUs vest and are settled in stock. On the delivery date, the FMV is $50, so you owe ordinary income tax on $1,250 in recognized additional income. At a tax rate of 22%, you are required to pay $275 in ordinary income tax. Your company may withhold a portion of your shares to cover this or require that you pay the amount directly in cash.	After five years, you decide to sell 20 of your vested and delivered shares. The FMV has increased to $60, so you will earn $1,200 on this sale. You will pay long-term capital gains tax on the difference between the FMV at delivery (20 x $50 = $1,000) and the FMV at sale (20 x $60 = $1,200) = $200.
How to calculate the number of RSUs you will receive	Award Amount / Award Share Price = Number of RSUs You Will Receive		For example: if you are granted an award of $5,000 in value and the share price at the time is estimated at $100, you will receive 50 RSUs.

Plan to talk to a tax advisor to create a strategy for your awards.