

## HOW TO SERIES

# How to Make Tax Elections to Cover Your Withholding Taxes due at Vest



For Amazon employees, there are **three tax election methods** available to cover your withholding taxes and fees due when your Restricted Stock Units (RSUs) vest:

- 1. Pay Cash to Cover Taxes:** Employees deposit cash into an E\*TRADE brokerage account at least five trading days prior to the scheduled vest date. These funds are used to cover withholding taxes and fees due at vest. Note that if you do not already have an account, we recommend you **begin this process at least three weeks prior to your vest** to ensure your account is opened and fully funded five trading days prior to vest. **Detailed instructions are below.**
- 2. Sell All Shares:** All shares vesting will be sold the day of the vest. A portion of the cash from the sale of RSU shares will be used to cover withholding taxes and fees due at vest. The remainder will be sent to you as cash. To use this method, follow steps 1a-e below, except in step d choose “*Sell all shares, use proceeds to cover taxes and fees, receive balance as cash.*” Be sure you have updated banking instructions in your profile – for help, see [page 6](#) of this guide. Unlike option 1, no brokerage account is needed for this option.
- 3. Sell to Cover (default method):** Enough shares are sold the day of the vest to cover withholding taxes and fees due. The remaining shares are deposited into your E\*TRADE account. **No action is required to use this method.\***

The details for election methods 1 and 2 follow on the next several pages.

Click a link below to jump to the following sections:

[Pay Cash to Cover Taxes](#) (begins on page 2)

[Sell all shares](#) (begins on page 3)

Need help? [Contact information for the E\\*TRADE Service center](#) (pages 8)

*\*For Sell to Cover Tax Elections, you can choose to receive fractional cash or fractional shares upon settlement of your RSU Vest. This election can be made by visiting the Amazon Stock portal to change your fractional cash/shares (“fractional”) election for upcoming RSU vest events. You are encouraged to make fractional elections no less than one day prior to your scheduled RSU vest date. The Amazon Stock portal is available at [www.amazonstock.com](http://www.amazonstock.com) while on the Amazon network or available via single sign-on from A to Z resources, available through [myapps.wholefoods.com](http://myapps.wholefoods.com) for Whole Foods Market team members, or via the Amazon Stock portal tile on your MyApplications (Azure) dashboard, or [zoox.amazonstock.com](http://zoox.amazonstock.com) on the Zoox network For assistance in making this update, Amazon employees should reach out to the [Employee Resource Center](#), WFM team members should contact their HR support team, and Zoox crew should email [equity2.0@zoox.com](mailto:equity2.0@zoox.com).*

## PAY CASH TO COVER TAXES.

To use this method, you must elect “pay taxes and fees separately” in your Morgan Stanley at Work stock plan account **and** have sufficient funds in your E\*TRADE brokerage account at least five trading days prior to the scheduled vest date. **We suggest you start this process three weeks prior to the vest date. If the required steps (detailed below) are not completed in your stock plan account at least five trading days prior to vest, your withholding tax payment will default to Sell to Cover (#3 above).**

- a** To make the selection in your stock plan account, from your **Dashboard**, select **Portfolio**.



- b** Find the RSU grant for which you would like to elect the tax withholding method and select **Elect Release Method**.

Options (ISO)									
Employee Grant	Grant Date	Amazon Award Type	Options Granted	Grant Price	Options Available For Exercise	Cost to purchase	Estimated Stock Option Benefit	Expire / Cancel Date	Leave of Absence Impact
No records found									
Options (NQ)									
Employee Grant	Grant Date	Amazon Award Type	Granted	Grant Price	Available For Exercise	Potential Gain of Exercisable	Expire / Cancel Date	Leave of Absence Impact	
No records found									
Share Units (RSU)									
Employee Grant	Grant Date	Amazon Award Type	RSUs Granted	Total RSUs Accumulated	RSUs Outstanding		Estimated Benefit	Elect Release Method	
					Number of Units				
<a href="#">RS1914200</a>	06-Apr-2017	Annual 2017	7	7	3		\$5,405.13 USD	<a href="#">Elect Release Method</a>	
<a href="#">RS2212439</a>	03-Apr-2018	Annual 2018	4	4	4		\$7,206.84 USD	<a href="#">Elect Release Method</a>	
<a href="#">RS2341919</a>	03-Apr-2019	Annual 2019	1	1	1		\$1,801.71 USD	<a href="#">Elect Release Method</a>	
			12	12	8		\$14,413.68 USD		

All screen shots are for illustrative purposes only and subject to change.

**c** Select **Edit release methods**.

Release Method		
<b>Grant Number</b> amazonRelease010	<b>Next Vest</b> 3 units on 02-Jan-3000	<b>Release Method</b> ( <a href="#">Estimate Proceeds</a> ) Pay for taxes and fees separately, receive all shares
<b>Grant Date</b> 01-Dec-2017		<a href="#">Edit release methods</a>
<b>Grant Number</b> amazonReleaseTest 003	<b>Upcoming Vests</b>	<a href="#">Edit release methods</a>
<b>Grant Date</b> 01-Apr-2016	20 units on 06-Jan-2022	<b>Release Method</b> ( <a href="#">Estimate Proceeds</a> ) Sell enough shares to cover taxes and fees, receive balance as shares  * Any whole and/or fractional shares will be deposited in <b>Share Purchase and Holdings</b> .
	20 units on 16-Jun-2099	<b>Release Method</b> Sell enough shares to cover taxes and fees, receive balance as shares  * Any fractional shares will be received as <b>cash via payroll</b> .
<a href="#">Next</a>		
Delivery Instructions		

**d** Choose your Release Method. To Pay Cash to Cover Taxes, select **“Pay for taxes and fees separately, receive all shares”**. Repeat for each RSU award (grant) you would like to update and select **“Next.”**

Release Method		
<b>Grant Number</b> amazonRelease010	<b>Next Vest</b> 3 units on 02-Jan-3000	<b>Release Method</b> ( <a href="#">Estimate Proceeds</a> ) Pay for taxes and fees separately, receive all shares
<b>Grant Date</b> 01-Dec-2017		<a href="#">Edit release methods</a>
<b>Grant Number</b> amazonReleaseTest 003	<b>Upcoming Vests</b>	<a href="#">Edit release methods</a>
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<a href="#">Next</a>		
Delivery Instructions		

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**e** To estimate your tax withholding due, first click on **“Estimate Proceeds”**. This step will provide an approximation of the withholding taxes due from you on your vest date.

You may use the modelling tool on your stock plan account at any time. But note that this tool calculates your tax withholding estimate based on:

- the current day’s fair market value (FMV), and
- your tax withholding rate per data provided by Amazon.
- this modelling tool is only available via web browser and not via your stock plan mobile app

Initially, Amazon provides your employer profile to Morgan Stanley, and the tool applies a more general total withholding rate based on your work location.

Then, about 90 days before your vest date, Amazon begins sending your individual tax withholding rates to Morgan Stanley; this allows the tool to apply a more precise, up-to-date total withholding rate, for calculation of your estimate. And as noted above, the FMV will vary over time. So for a more accurate estimate, consider using the tool and instructing payment about two weeks before your vest date.

If you are subject to Amazon trading windows: Note that during closed window periods, the **tax estimation tool on your stock plan account** is unavailable. You may also use the **“Total tax rate”** from the **Amazon Stock portal** to estimate your RSU withholding taxes; visit **amazonstock.com** and click on the **RSUs** under **NEXT VEST DATE** to find your current total rate.

If you are a US taxpayer: If the value of the shares issued to you at vesting (combined with prior US supplemental wage payments paid to you in the same tax year) is greater than \$1 million, your employer must withhold federal income tax at 37% on the amount over \$1 million. As a result, you may need to add more to the rate shown in modeling screen.

The fair market value of Amazon.com stock and your personal tax withholding rate may increase as the vest date approaches. For this reason, you are strongly advised to monitor stock price fluctuations, and to overfund your account.

**e** Pop up appears

Grant Number	Vest Date	Vest Quantity	Release Method	Delivery Method	Estimated total cost	Shares released
amazonReleased10	02-Jan-3000	3	Pay for taxes and fees separately, receive all shares	Share Purchase and Holdings		
					Withholding	3
					Federal Tax (22.0%)	Total released
					Medicare Basic (1.65%)	3
					Medicare Surcharge (0.9%)	
					WA FMV (2.94%)	
					Refund (0.007%)	
					<b>-\$4,838.14</b>	



Confirm your **Delivery Instructions** and click **Save**. (Note: If you are electing Sell All Shares, additional delivery options will show here.)

**Delivery Instructions**

How would you like your shares delivered? ⓘ

Note: The estimated delivery starts on the transaction settlement date.

Share Purchase and Holdings  
 Deposit Shares to Personal Brokerage Account - Average 2-5 business days.

**Next, you will need to set up an E\*TRADE brokerage account to hold your cash that will be used to cover withholding taxes and fees at vest.** (Note: If you are electing **Sell All Shares**, setting up a brokerage account is not required.) **Follow step “g” below to set up a new account and step “h” to fund the account.**

If you already have an E\*TRADE brokerage account, you can skip to **step “h”** to fund your account with enough cash to cover withholding taxes and fees for your upcoming vest. The type of brokerage account available to you depends on your residency.



## US RESIDENTS

If you are a US resident, you will be eligible to open an E\*TRADE brokerage account. To open an E\*TRADE brokerage account, log in to your stock plan account and go to your **Messages section of your dashboard**, which is the envelope icon located in the top right section of your stock plan account then click on the **Offers** tab. Follow the steps on the screen to get started.

## NON-US RESIDENTS:

To open a Morgan Stanley limited purpose brokerage account starting with 945, email your request to open an account to Morgan Stanley at [amazonstock@morganstanley.com](mailto:amazonstock@morganstanley.com).

Include the following in your email:

1. Your legal name
2. Preferred telephone number,
3. Amazon Employee ID.
4. (For Non-U.S. employees) a copy of a valid passport.

Please note if you are completing this for the first time, we recommend you begin this process at least **three weeks** prior to your next vest. This will allow sufficient time for an account to be established and funds to be deposited. Morgan Stanley will link this account to your stock plan account once opened.

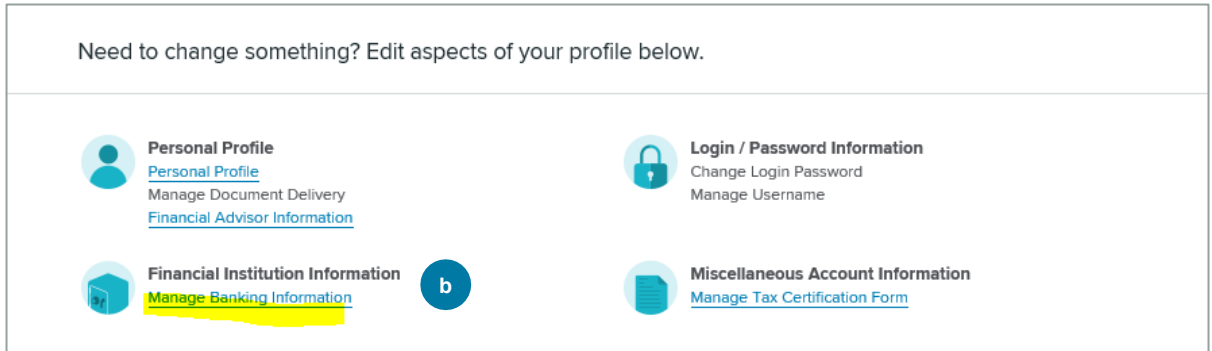
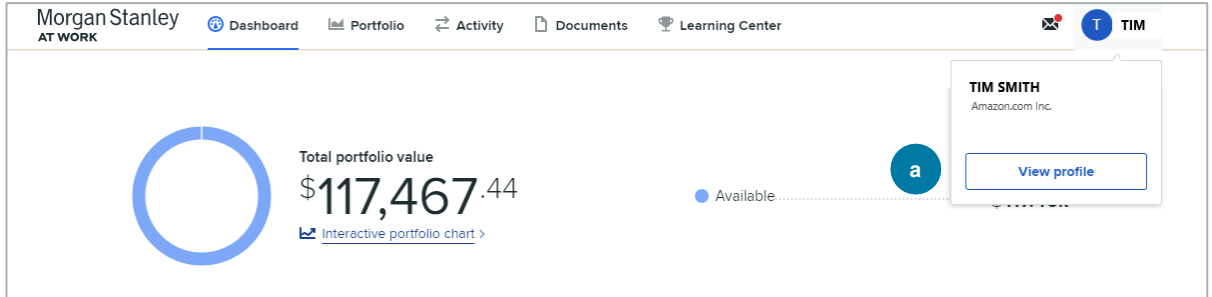


**Account funding:** After setting up your E\*TRADE brokerage account or Morgan Stanley limited purpose brokerage account starting with 945 (for non-U.S. residents), fund your brokerage account with enough cash to cover your withholding taxes and fees due at vest. Funding must be received in U.S. Dollars; funding received in other currencies will be rejected. **We highly recommend you overfund your account as the Amazon stock price may be higher on vest date than when you estimate your tax liability a minimum of 5 trading days prior.** (Remember: weekends and market holidays are not trading days),

If you do not have sufficient funds in your account **five trading days prior to vest** (based on Amazon’s stock price that day), your vest tax election will automatically be changed back to **Sell to Cover**. This means Morgan Stanley will sell shares to cover your *entire* withholding taxes and fees due at vest. Partial funding is not allowed.

## HOW TO ADD A BANK ACCOUNT

- a Click **View profile**, then
- b **Manage Banking Information** and follow instructions to enter or update your information.



All screen shots are for illustrative purposes only and subject to change.

# Need Help?

For assistance, please call E\*TRADE Service Center (see next page):

## 1

### Mobile Check Deposit using the E\*TRADE mobile app

Only available for U.S. Employees

Download the E\*TRADE mobile app.

- Log into your account.
- Select **Menu > Check Deposit**.
- Select your **Account Number**
- Enter the amount of deposit.
- Select **Tap to Take Pictures** of the front and back of check.
- Checks must be deposited by 4:00 p.m. ET to post the same evening; otherwise, they post the next business day. Weekend deposits post the next business day.
- Mobile deposits may require further review as regular business rules apply. Review can take up to four business days (including date of scan) before the funds are available.
- Mobile deposits may be subject to a maximum threshold, which is displayed on the E\*TRADE app at the time of deposit.

## 2

### WIRE

(Use the 3 items below)

- (1) ABA **056073573** (U.S. bank transfers only) OR SWIFT Code **WFBIUS6S** (International bank transfers only)  
Morgan Stanley Smith Barney LLC  
PO Box 484  
Jersey City, NJ 07303-0484
- (2) Your Account Number which can be found on the Complete View page of etrade.com
- (3) Your Name + Address

## 3

### Paperless Money Transfers via Automated Clearing House (ACH)/Electronic Funds Transfer (EFT)

Only available for U.S. Employees with accounts at a U.S. Banking institution

You can transfer funds directly from an external banking institution to your E\*TRADE account. Note that you must initiate the transaction from your E\*TRADE brokerage account. This option will be available to you about one to five business days after your account is opened by following the instructions below:

- Log into your Morgan Stanley stock plan account.
- Click on your linked E\*TRADE account number listed at the bottom of the page. If you don't see your account please contact us.
- Once on the landing page (etrad.com), click **Pay & Transfer**. Select the **Transfer money** button under Quick Links.
- Click on Transfer from and select Add Account to enroll the outside bank account.
- Verify your identity with a one-time passcode.
- You will have the option to automatically link an account using username and password or manually link an account. If you manually link your account, you will need your account and routing number and we'll send two small verification deposits to your account, which will appear within 2-3 days.
- Once verified, you will be able to initiate a transfer of funds into your E\*TRADE brokerage account.

# Need Help?

For assistance, please call a Morgan Stanley Service Center:

**For Canada, Mexico, United States:**

(Toll-Free) **+1-866-533-2575**

Hours: 8 A.M. to 8:00 P.M. ET (Eastern Time)

**All Other Countries (or if unable to connect):**

Hours: 24 hours a day; Monday - Friday

Visit [AT&T Direct Toll-Free Access Codes website](#) and dial the appropriate Access Code for your country, then **833-500-0341**.

**Staffed languages:**

French (during EMEA business hours), Cantonese, Japanese, Mandarin (during Asia Pacific business hours) plus translation available in 200+ languages through Language Line Solutions.

For assistance, with your new E\*TRADE Account, [etrade.com](#) or banking features **after conversion** please call:

**For United States and Canada:**

(Toll-Free) **800-838-0908**

Hours: 12 A.M. to 11:59 P.M. ET (Eastern Time) Monday- Friday

**All Other Countries (or if unable to connect):**

Please visit our [Contact Us](#) page



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CRC 4078400 (12/2024)