GREENRIDGE WEALTH

Liquidity & Tax Action Guide

For Starbase and SpaceX employees with meaningful equity

A fee-based, fiduciary firm based in McAllen, Texas, serving the Rio Grande Valley. This guide is educational and general. It is not personalized investment, legal, or tax advice.

What this guide covers: the three things that most often trip people up when equity becomes liquid, a short checklist to run before a tender or liquidity window, and the questions worth asking any advisor before you act.

The three traps

Most equity mistakes are not exotic. They are the same three, every time.

1 . The tax gap

When restricted stock units vest, the value is generally taxed as ordinary income based on the price at vesting. Employers often withhold at a flat supplemental rate, which can be lower than your actual tax bracket. If it is, you may owe the difference when you file. Plan for it in advance rather than be surprised by it.

2 . Concentration

When a single stock becomes most of your net worth, its risk becomes your plan's risk, whether you intended that or not. When that stock is also tied to your paycheck, the risk is doubled: your job and your savings move together. The useful question is not a fixed percentage but this: if you had the cash today, would you buy this much of one stock?

3 . Timing

Tender windows, holding periods, blackout dates, and tax elections all run on deadlines that do not wait. The people who do best tend to decide their plan in advance, so a window becomes a decision they already made rather than a scramble.

A pre-liquidity checklist

Run these before a tender or liquidity window, ideally with a fiduciary and your CPA.

- Know your grant: the type of equity, the vesting schedule, and any tender or holding terms.
- Estimate the tax on any liquidity, including the withholding gap, before you sell.
- Decide your concentration limit before the window opens, not during it.
- Keep enough cash for taxes and life, held separately from company stock.

- Understand any lock-up, blackout, or election deadlines that apply to you.
- Coordinate the plan with your CPA so the investment side and the tax return agree.

The withholding gap, explained

The withholding gap is the difference between what your employer withholds on vesting shares and what you actually owe at your true marginal rate. High earners are the most likely to be caught by it, because the flat supplemental withholding rate applied to vesting can be below their real bracket. The shortfall shows up at tax time, and can be large in a strong year.

What you can do: estimate the gap with your CPA, set aside cash or shares to cover it, and consider estimated payments so you are not surprised, or penalized, at filing. Selling some shares at vesting to cover taxes is common, though the right answer depends on your whole picture.

Diversifying without panic

Reducing concentration does not have to be all at once, and it does not have to be emotional. A few approaches, coordinated with your CPA, can lower single-stock risk while managing the tax:

- Rules-based selling on a pre-set schedule, so decisions are made in advance.
- Tax-aware lot selection, so you manage which shares are sold and when.
- Vehicles such as exchange funds or charitable trusts, where they genuinely fit.
- Rebalancing the proceeds into a diversified, low-cost plan rather than another single bet.

None of these is right for everyone. The point is that concentration is a decision you can manage on purpose, rather than a default you drift into.

Questions to ask any advisor

Before you work with anyone, ask these in writing and keep the answers.

- Are you a fiduciary on the advice you give me?
- How exactly are you paid, and by whom?
- Do you or your affiliates earn commissions, and on what?
- Can I see your Form CRS and Form ADV?

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Talk it through

A first conversation is free and without obligation. We will tell you plainly how we would help, what it costs, and whether we are the right fit. Email inquiries@greenridgegroup.org, or visit greenridgewealth.com/spacex-starbase-equity.

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