

Some definitions

VESTING: Process by which an employee accrues non-forfeitable rights over employer-provided stock incentives or employer contributions

GRANT DATE: The date on which an employee is given a stock option. The grant date is usually later than the date on which it is announced that stock options will be distributed.

EXERCISE: Exercise means to put into effect the right specified in a contract.

OPTIONS: Provides the participant the option to exercise (purchase) stock at a later time, generally at a price set on the grant date

RESTRICTED: The holder possesses stock or units (synthetic stock) that is not entirely controlled by them until the restrictions lapse (vest)

DISQUALIFIED: Any type of equity that had a tax benefit under IRC 421-424, where the participant chose to transact the underlying shares BEFORE the prescribed tax benefit period had been met

QUALIFIED: Any type of equity that had a tax benefit under IRC 421-424, where the participant chose to transact the underlying shares only AFTER the prescribed tax benefit period had been met

NON-QUALIFIED: Any type of equity that upon grant, does not meet the tax benefit rules defined in IRC 421-424

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