

# How to Get More Out of Your Amazon Executive Compensation

## [Take Our Compatibility Survey](#)

Amazon provides a comprehensive benefits package designed to help you accumulate wealth, manage risks, and plan for retirement. Understanding these benefits is essential for maximizing your financial future. Our wealth consultants are ready to help you understand how today's decisions can shape your long-term goals. Reach out to us to learn how we support Amazon employees.

### Decoding Restricted Stock Units (RSUs)

Restricted Stock Units (RSUs) constitute a significant part of compensation for many Amazon employees. Typically granted upon hiring, these RSUs usually vest biannually, although some roles may see vesting up to four times a year.

You won't be taxed on RSUs until they vest. At vesting, the stock's value is considered ordinary income and taxed at your current income rate. The default withholding rate is usually set at 22%, but adjustments can be made. Consulting with a tax professional ensures accurate withholding.

If you hold onto your RSUs for over a year post-vesting, any gains from their sale are taxed at [capital gains rates](#) (0% to 20%). Selling within 366 days of vesting subjects gains to ordinary income taxes, which range from 0% to 37%. Washington residents should also note a 7% state capital gains tax on long-term gains over \$250,000 for individuals and married couples. Be aware of the new excise tax effective January 1, 2022, and specific trading windows when selling stock is restricted.

### Managing Amazon Stock Holdings

Amazon employees often find a significant portion of their investments tied up in company stock. To avoid risks associated with over-concentration, regularly review your asset allocation and financial objectives as your RSUs vest. Over-concentration can lead to substantial losses, as evidenced by Amazon's stock drop of over 50% in 2022.

Consider these factors when managing your stock:

- **Liquidity Needs:** What are your immediate and future financial requirements?
- **[Risk Tolerance](#):** How would a 50% decline in Amazon's stock affect your financial goals?
- **Tax Bracket:** How do your current and projected tax situations influence your decisions?
- **Market Outlook:** What is the current and future outlook for Amazon stock and the broader market?

After assessing these factors, explore diversification strategies. Selling shares as they vest is a straightforward method. Collaborate with your wealth management team to navigate federal and [Washington State capital gains taxes](#) and employ tax-loss harvesting strategies.

For those with significant gains looking to reduce taxes and risk, consider hedging strategies, exchange funds, or qualified opportunity zones. Alternatively, if you don't need the stock for retirement goals, gifting to family or charities could be beneficial. Learn more about these options [here](#).

## Additional Benefits

**401(k) Plan:** In 2024, you can contribute up to \$23,000 to your 401(k), with an additional \$7,500 catch-up contribution if you're 50 or older. Amazon matches 50% of contributions up to 4% of your salary, though catch-up contributions are not matched. You can join the plan as soon as you're hired.

**Mega Backdoor Roth:** Contribute an extra \$34,500 to your 401(k) through after-tax Roth contributions, in addition to the \$23,000 maximum. These funds grow tax-deferred and can be withdrawn tax-free in retirement, offering a powerful tool for high-income earners.

**Health Care:** Amazon offers various medical plans, including those with Health Savings Accounts (HSAs). Employees also have access to dental and vision plans.

**Health Savings Account (HSA):** HSAs provide tax-deferred contributions and tax-free withdrawals for qualified medical expenses. In 2024, individuals can contribute \$4,150 (plus a \$1,000 catch-up contribution if over 55) and families can contribute \$8,300. HSAs are most beneficial when invested for the long term.

**Flexible Spending Accounts (FSA):** If not using an HSA, FSAs allow tax-deferred savings for medical expenses within the year. Contributions range from \$120 to \$3,050 for 2024.

**Dependent Care FSA:** Contribute up to \$5,000 annually to cover childcare and other dependent expenses with tax-deferred funds.

**Life Insurance:** Amazon provides life insurance equal to two times your base salary, up to \$300,000. Additional coverage for spouses, partners, and children can be purchased. Note that this coverage is not portable if you leave Amazon.

**Critical Illness & Personal Accident Insurance:** Available through MetLife without medical questions. Critical illness insurance pays a lump sum for serious conditions, while personal accident insurance covers costs like ambulance visits.

**Property & Casualty Insurance:** Amazon offers tools to compare homeowners, renters, and auto insurance, and provides a 20% discount on pet insurance. Review your property and casualty insurance every 3-5 years or when acquiring or selling assets.

For [personalized advice](#) on maximizing your benefits and managing your financial future, connect with our team.

***DISCLOSURE: Securities highlighted or discussed in this communication are mentioned for illustrative purposes only and are not a recommendation for these securities. Evergreen actively manages client portfolios and securities discussed in this communication may or may not be held in such portfolios at any given time. This material has been prepared or is distributed solely for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Any opinions, recommendations, and assumptions included in this presentation are based upon current market conditions, reflect our judgment as of the date of this presentation, and are subject to change. Past performance is no guarantee of future results. All investments involve risk including the loss of principal. All material presented is compiled from sources believed to be reliable, but accuracy cannot be guaranteed and Evergreen makes no representation as to its accuracy or completeness.***