

# COSTLY FINANCIAL MISTAKES IN A TECH LAYOFF

## and Why Smart People Get the Timing Wrong

The most costly financial mistakes after a tech layoff rarely come from poor advice or lack of sophistication. They come from timing errors made under compressed decision windows.

A layoff does not usually create financial complexity from scratch. It reveals complexity that already existed beneath the surface. Equity compensation, tax exposure, benefits, and liquidity planning are manageable during steady employment. After a layoff, they surface all at once, often with firm deadlines and limited room for reversal. **By the time clarity returns, many outcomes are already set.**

## Five Costly Mistakes We See Regularly

### *Waiting for the Next Job Before Making Decisions*

Many people assume major decisions can wait until reemployment. In reality, some of the most consequential deadlines occur well before a new role begins. Waiting can feel cautious, but it often results in forfeited equity, missed elections, or lost flexibility that cannot be recovered later.

### *Solving Each Problem in Isolation*

Equity decisions, tax decisions, and liquidity decisions are often treated separately. Exercising options to preserve value, selling shares to create cash, or deferring income for tax reasons can quietly create consequences elsewhere. What solves one issue can unintentionally introduce risk in another area.

### *Treating Tax Planning as a Year-End Exercise*

In a layoff year, taxable income is often determined long before returns are filed. Severance, equity vesting, and option exercises can cluster income in ways that are difficult to reverse. By the time tax season arrives, many outcomes are already locked in.

### *Overvaluing Optimization and Undervaluing Sequencing*

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### *Assuming Strong Performance Prevents Bad Outcomes*

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What these mistakes share is not recklessness or lack of sophistication, but decision density. After a layoff, multiple financial choices surface at the same time, each with its own deadlines and tradeoffs, making it easy to confuse urgency with importance. Acting quickly can feel productive, while waiting can feel prudent, yet either approach can quietly increase risk without a clear framework. Avoiding these outcomes does not require immediate action on every front, but clarity around which decisions truly carry deadlines, how choices interact, and where validation may be useful before time-sensitive windows close.

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