



IPO READINESS

A Strategic Framework for Employees Approaching a Liquidity Event

January 2026

OVERVIEW

Employees approaching an IPO often operate in a uniquely complex financial environment. Concentrated company stock, layered tax considerations, and time-sensitive decisions intersect in ways that can materially impact long-term wealth. This brief highlights the key areas to review as you prepare for a potential liquidity event. The goal is not to provide all the answers, but to bring up the questions that deserve attention before important choices become irreversible.

This brief is designed to guide you through the stages of awareness, strategic planning, and decisive action.



WHAT THIS BRIEF COVERS

- Understanding the IPO process
- Key financial decisions before filing
- Personal planning blind spots
- Timing risks around liquidity events
- Coordination gaps between advisors

WHO THIS IS FOR

- Founders
- C-suite
- Pre-IPO Executives
- Employees holding company stock

WHY IT MATTERS

Effective planning and coordination can help you navigate the financial and tax implications of an IPO. Reviewing decisions early allows you to align personal goals with company objectives and ensures that your advisors are working together toward a clear strategy. By thinking through key choices in advance, you can reduce stress, avoid unnecessary risk, and approach the filing window with greater confidence.

TIMING & LIQUIDITY

UNDERSTANDING THE IPO PROCESS

An initial public offering, or IPO, is the process by which a private company offers shares to the public for the first time. For employees, an IPO can be a significant event, both for the company and personally. Past IPOs, particularly in the tech sector, have shown that the transition from private to public ownership can create opportunities as well as complexities. Equity holdings can become liquid, sometimes generating substantial wealth, but they also bring considerations around taxes, diversification, and timing. Understanding the IPO process and its potential effects helps ensure that everyone, from executives to employees, is aligned and prepared for the financial and personal decisions that come with this milestone.

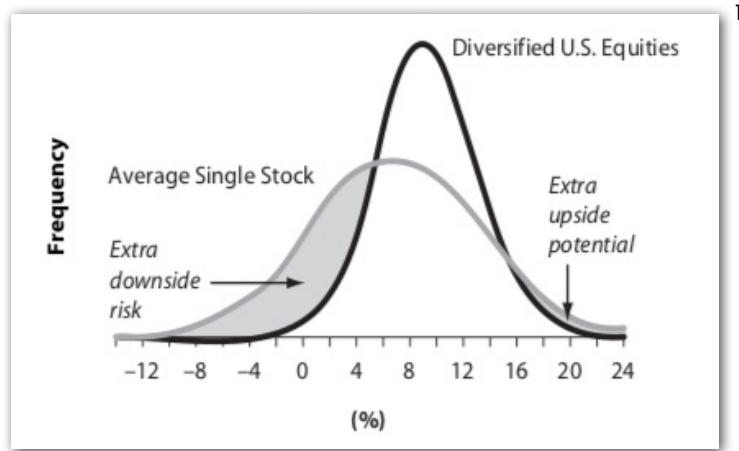
IPO PHASE	COMPANY MILESTONES	EMPLOYEE CONSIDERATIONS
Pre IPO	<ul style="list-style-type: none">Financial and legal prep: audits, SEC readiness, internal reporting upgradesCorporate governance and board alignmentOperational scaling and risk reviewEquity planning and stock plan reviewStrategic timing decisions	<ul style="list-style-type: none">Understand potential liquidity and tax implicationsBegin personal planning conversations regarding stock-based or deferred compensation
During IPO	<ul style="list-style-type: none">Pricing and underwriting coordinationRegulatory filings and disclosures (S-1, SEC responses)Investor roadshows and marketingInternal communication managementExecution readiness for public-company requirements	<ul style="list-style-type: none">Stay informed on IPO timing and company updatesBe aware of insider trading restrictions
Post IPO	<ul style="list-style-type: none">Trading and market stabilizationPublic reporting and compliance obligationsLock-up period managementFinancial strategy and reinvestment of proceedsOngoing corporate governance	<ul style="list-style-type: none">Plan around lock-up expirationReview stock/equity holdings and diversification optionsAlign with tax and estate planning advisors

Important Note: Selling or liquidating stock or equity holdings may trigger taxable events. Please consult a qualified financial or tax advisor before making any decisions. See page 04 for more information.

CONCENTRATION RISKS

Holding a significant portion of wealth in a single company can expose individuals to risks that are often underestimated. Stock values may fluctuate substantially in the months surrounding an IPO, creating both opportunity and uncertainty. For some investors, particularly those in companies approaching a mega IPO (a public listing of a company that is of exceptionally large size and high valuation, often involving billions of dollars in capital raised), a concentrated position may also offer the potential for significant gains. While diversification strategies exist to manage risk, careful consideration of timing, tax implications, and personal financial goals is essential to make informed decisions. Speaking with an advisor who has expertise in these areas can help align timing, tax, and diversification decisions with your broader financial goals.

Concentrated stock holdings carry significant downside risk, yet many investors hold them longer than expected. Emotional attachment, confidence in company growth, and tax considerations can delay diversification. In both regular and mega IPOs, the potential for substantial upside reinforces this tendency. Recognizing these factors highlights the importance of thoughtful planning and risk management.



For illustrative purposes only. This graph does not represent any specific single stock or portfolio and is not intended to predict or indicate actual investment performance.

QUESTIONS TO CONSIDER

- How much of your net worth is tied to the company?
- What scenarios could expose you to downside risk?
- What percentage of your overall portfolio is sufficiently diversified outside of your company holdings?
- How might changes in market conditions or company performance impact your financial goals?

Note: Diversification and asset allocation do not guarantee a profit or protect against a loss.

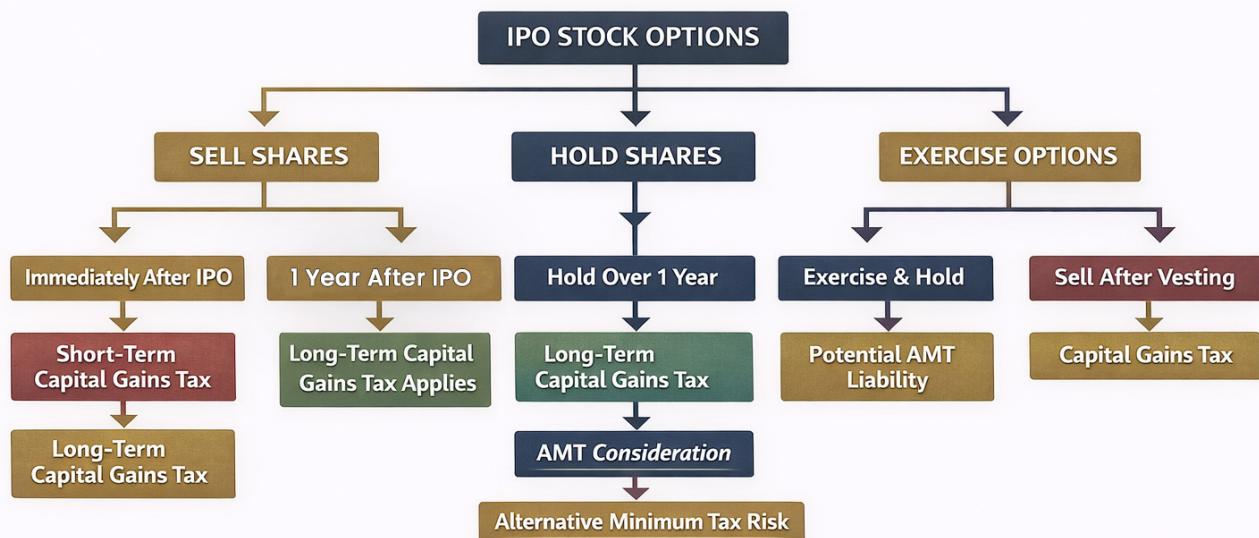
1 Boyle, P., Loewy, D., Reiss, J., & Weiss, R. (2004). The Enviable Dilemma: Hold, Sell, or Hedge Highly Concentrated Stock?. Analytical Synthesis. https://www.analyticalsynthesis.com/Boyle_Loewy_Reiss_EnviableDilemma.pdf

TAX DECISIONS

THE CHOICES THAT CAN'T BE UNDONE

Taxes related to an IPO can be complex and have long-lasting consequences. Capital gains, ordinary income, and alternative minimum tax rules may all apply, depending on the timing and type of equity you hold. Decisions around early elections or exercising stock options can significantly affect your tax exposure, and taking action without a comprehensive view of your overall financial picture may result in unnecessary liabilities. Understanding these considerations upfront helps ensure that financial decisions support both short- and long-term goals.

IPO STOCK OPTIONS & TAX OUTCOMES



TAX PLANNING STRATEGY

Evaluate Timing & Tax Implications

This overview shows how seemingly simple decisions, such as when to sell or exercise shares, can lead to very different tax outcomes. The right strategy depends on your broader financial situation, risk tolerance, and long-term objectives, not just the stock price or market timing. Because these choices are often irreversible, thoughtful planning can help preserve more of your wealth and reduce unintended tax consequences.

HOUSEHOLD COORDINATION

Equity events (such as an initial public offering, stock option exercises, or significant grants of company stock) can have a profound impact on household finances, lifestyle, and long-term plans. Because these events often trigger complex tax and liquidity considerations, coordinating decisions with a partner early can help ensure that financial choices align with broader household goals. Planning at the household level, rather than individually, can also reveal strategies and opportunities that might otherwise go unnoticed, helping families make informed decisions during these transformative moments.

QUESTIONS TO CONSIDER

- Have you reviewed your plan with those most affected by your decisions?
- What assumptions do you share, and which ones could surprise your household?
- Are there financial or lifestyle trade-offs that you haven't yet discussed with your partner or family?

Identifying alignment opportunities requires a systematic review of both plans to uncover areas of overlap, synergy, and potential conflict. By mapping these intersections early, you create a framework for making faster, more confident decisions as your financial landscape evolves. This clarity becomes especially critical during liquidity events when rapid decision-making is essential.

KEY BENEFITS OF IDENTIFYING ALIGNMENT OPPORTUNITIES



OPTIMIZED RESOURCE ALLOCATION – Eliminate duplicate efforts between personal and household planning. Consolidate where possible to reduce costs and complexity while maximizing efficiency.



ENHANCED RISK MANAGEMENT – Identify gaps where neither plan provides adequate coverage and spot redundancies that represent wasted protection. Create a comprehensive safety net without overpaying.

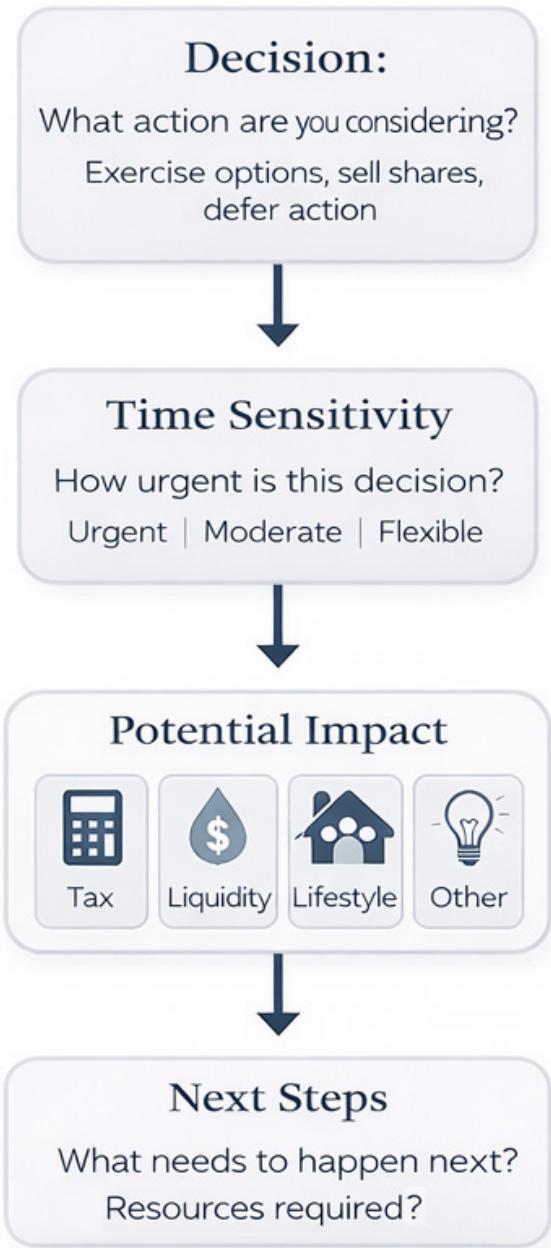


ACCELERATED GOAL ACHIEVEMENT – Leverage household resources to support personal objectives and vice versa. Coordinate timing and sequencing of major financial moves to build synergistic strategies.

AWARENESS TO ACTION

Begin by mapping your current assets/equity, tax, and liquidity situation to understand your starting point. Identify which decisions are urgent and which can wait, so you focus on what matters most. Use a clear framework to weigh trade-offs between risk, timing, and taxes, and stay flexible. Regularly revisiting your assumptions ensures your plan adapts as circumstances change.

EQUITY DECISION PATHWAY



QUICK TIPS

- Keep assumptions up-to-date as your personal and company situation changes.
- Coordinate with your partner or household before taking major steps.
- Use advisors strategically - CPAs, financial planners, and legal counsel can clarify complex trade-offs.
- Review decisions at regular intervals, not just at the time of an IPO
- Document key decisions and rationale; keeping a written record helps you revisit choices as circumstances evolve.
- Consider long-term consequences, thinking beyond immediate liquidity or tax effects

QUESTIONS TO CONSIDER

- Which equity decisions could have the biggest impact on our household goals?
- Are there assumptions in the plan that could surprise us if they change?
- How do tax, liquidity, and lifestyle considerations intersect in each decision?
- Which decisions give us the most flexibility for future opportunities or unexpected events?

ADVISORY SUPPORT

Stickney Research is available for private, advisory consultations. Our approach is conversation-led, designed to explore your unique circumstances, answer questions, and provide insight. If you would like to discuss an upcoming IPO event, tax considerations, or broader financial strategy in a confidential setting, we are here to engage with you and guide the conversation.

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