

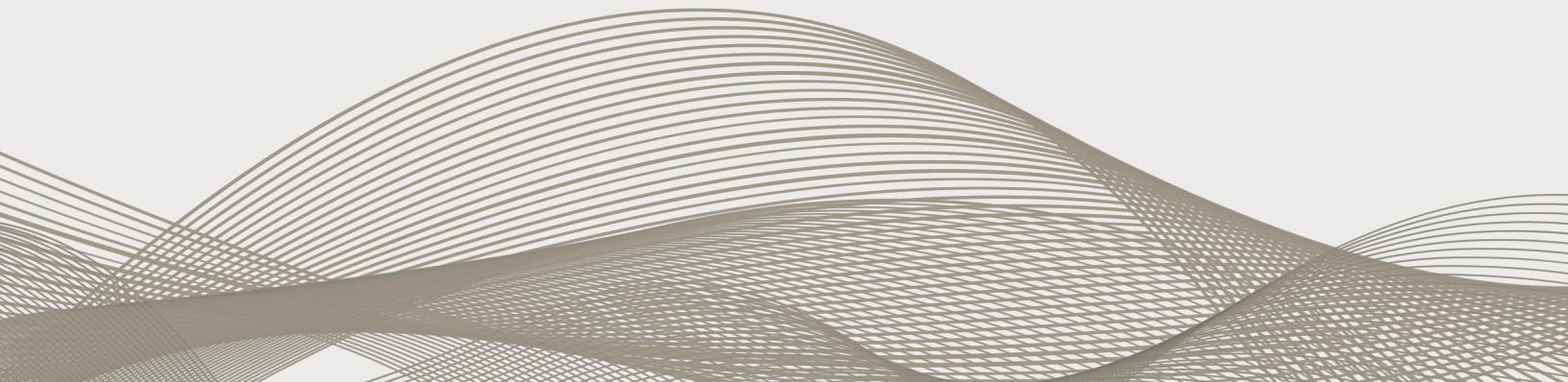
When Timing Matters Most

A Financial Decision Framework
for Technology Professionals
Navigating a Layoff

STICKNEY
R E S E A R C H

Table of Contents

- 03** Executive Summary
- 04** The Financial Reality of Tech Layoffs
- 05** Understanding Decision Windows After a Tech Layoff
- 07** Equity Compensation After a Layoff
- 09** Severance, Benefits, and Health Coverage
- 10** Tax Planning in a Layoff Year
- 11** Cash Flow and Liquidity Management
- 12** Turning a Disruption Into a Reset
- 13** About the Firm
- 14** References
- 15** Copyright and Legal Info



Executive Summary

Layoffs have become a recurring feature of the technology industry rather than a rare disruption. For professionals whose compensation includes equity, bonuses, and specialized benefits, a job loss can trigger a series of complex financial decisions. This often happens under tight deadlines and emotional stress.

While the loss of income is immediate, the greater financial risk frequently lies in timing. Decisions around stock compensation, severance, benefits, taxes, and cash flow are often compressed into the first few weeks following separation. Many of these choices are difficult to reverse, and small missteps can carry long-term consequences.

This paper is designed to help technology professionals understand the financial considerations that commonly arise after a layoff. It focuses on the areas where clarity matters most:

- How equity compensation is treated after termination
- Key features of severance agreements and benefit continuation
- Tax considerations unique to a layoff year
- Managing liquidity and cash flow during a transition
- Behavioral and emotional factors that can influence financial decisions

Rather than offering prescriptive advice, this guide provides a framework for understanding decision windows, tradeoffs, and common risk areas. The goal is to help readers move from reactive decision-making toward informed, deliberate choices.

This whitepaper is intended for educational purposes only and reflects common scenarios experienced by technology professionals across large and mid-sized firms. Individual circumstances, plan documents, and tax situations vary, and readers should evaluate their own facts carefully before acting.

A layoff represents an inflection point: disruptive, but also an opportunity to reassess financial priorities and long-term strategy. With the right information and perspective, it is possible to navigate this transition with greater confidence and control.

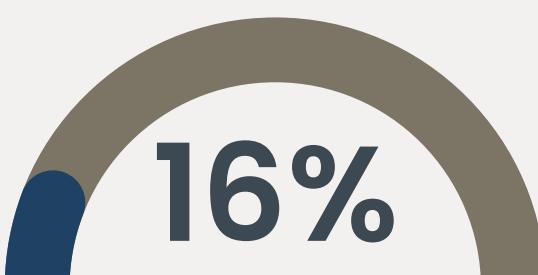
The Financial Reality of Tech Layoffs

While layoffs can occur in any industry, tech layoffs differ in important structural ways. A report published in October 2025 found that the global technology industry had recorded 181,457 layoffs through early October 2025, with projections that total layoffs could reach about 235,000 by year end (Fagbemi, 2025), creating a sudden influx of highly skilled (and often highly specialized) professionals navigating unexpected career and financial transitions. Tech layoffs accounted for approximately 16% of all layoffs that year, surpassed only by government layoffs at roughly 28%. In an already volatile job market, this concentration intensifies competition for specialized roles and can lengthen transition periods for affected workers. For those impacted, the experience of a tech layoff often looks very different from layoffs in more traditional industries. Several factors contribute to this distinction

Equity Compensation – Equity often represents a significant portion of total compensation for technology professionals, making layoffs financially complex rather than purely income-based events. Vesting may stop, option exercise windows can compress, and tax treatment can change immediately, creating time-sensitive and sometimes irreversible decisions. Roles weighted toward cash compensation typically involve fewer such constraints.

Broad, Industry-Wide Layoffs – Technology layoffs are frequently industry-wide rather than company-specific. Reductions often occur even as the broader economy

Tech Layoffs accounted for approximately 16% of all United States layoffs in 2025



16%

(Featured Insights, 2025)

continues to add jobs, reflecting strategic realignments rather than financial distress. This dynamic can increase competition for roles and extend transition timelines.

Investment and Automation Trends – Many recent tech layoffs stem from shifts in how work is performed rather than declining revenue. Advances in automation, artificial intelligence, and productivity tools have reduced demand for certain roles and organizational layers, reshaping career paths and complicating financial planning during transitions.

Regional Labor Market Dynamics – In tech-centric regions such as Seattle and San Francisco, layoffs can have an outsized impact due to tightly interconnected professional networks. When many peers are affected simultaneously, competition increases and career paths often diverge, amplifying financial and emotional pressure.

Layoffs Indicate Strategic Signals – Tech layoffs are closely monitored by investors and often interpreted as signals about efficiency, profitability, or strategic direction. Workforce reductions can influence stock prices, future hiring plans, and broader market sentiment, sometimes even strengthening investor confidence.

Taken together, these dynamics mean that a tech layoff is often more than a loss of income; it is a pivotal financial and strategic moment with real wealth implications. In 2025, announced U.S. layoffs exceeded 1.17 million jobs, with technology among the hardest-hit sectors as companies reduced headcount amid restructuring, automation, and productivity shifts. (Saini, et al., 2025; Park, et al., 2025) Within tech, equity-heavy compensation, time-sensitive vesting and exercise windows, severance deadlines, benefit elections, and complex tax timing converge on compressed decision timelines. In this environment, outcomes are often shaped less by past performance and more by when decisions are made, making clarity around timing and trade-offs essential for protecting long-term wealth.

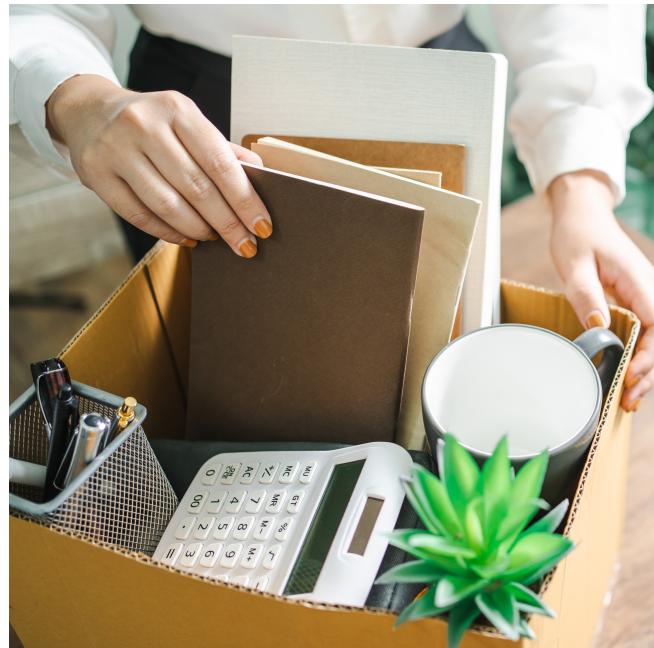
Understanding Decision Windows after a Tech Layoff

One of the most challenging aspects of a tech layoff is not the number of decisions that must be made, but how quickly some of those decisions arrive. Unlike many career transitions, a layoff often triggers multiple, overlapping timelines related to compensation, benefits, taxes, and cash flow. Some choices must be made within days or weeks, while others benefit from patience and deliberate planning. Understanding which decisions are time-sensitive (and which are not) is critical to avoiding unnecessary financial consequences.

In the immediate aftermath of a layoff, certain deadlines can create pressure to act before the broader picture is clear. Equity-related decisions are often among the most urgent. Unvested equity may be forfeited, option exercise windows can shorten dramatically, and the tax treatment of vested shares may change based on timing. At the same time, severance elections, benefit continuation options, and final paycheck structures may require prompt responses, sometimes before an individual has had time to fully assess their financial position or next career steps.

Other decisions, while important, typically allow for more flexibility. Cash flow planning, portfolio adjustments, and longer-term tax strategies often benefit from taking a step back and evaluating multiple scenarios rather than reacting immediately. However, these decisions are still influenced by earlier choices, meaning that early missteps can limit future options. For example, exercising stock options without modeling tax implications or liquidating assets prematurely to create short-term liquidity can have lasting effects that are difficult to unwind.

Compounding this complexity is the emotional weight that often accompanies a layoff. Uncertainty around re-employment, changes in identity or routine, and concerns about market conditions can all influence decision-making. When stress is high,



people are more likely to rush decisions that deserve careful consideration or delay decisions that carry firm deadlines. Recognizing this dynamic is an important step toward managing it.

Ultimately, successful navigation of a tech layoff depends less on making every decision immediately and more on understanding when each decision must be made. Clear awareness of deadlines, expiration dates, and sequencing allows individuals to prioritize actions that truly require urgency while preserving flexibility elsewhere. In an environment where timing can outweigh performance, clarity around decision windows becomes one of the most valuable tools for protecting long-term financial stability.

Key Decision Windows

After understanding why timing plays such a critical role, the next step is recognizing how decisions tend to group together after a tech layoff. While individual circumstances vary, most financial decisions fall into a predictable sequence, with early deadlines creating the greatest risk if missed or misunderstood.

In the first several weeks following a layoff, attention is typically focused on decisions with hard expiration dates. These often include equity-related actions, severance elections, and benefit continuation choices. Missing or misjudging these early decisions can permanently limit future options, even if financial circumstances later improve.



Immediate (Days 1-14)

The first two weeks after a tech layoff are often defined by decisions with firm deadlines and little flexibility. This period commonly includes equity-related actions, severance elections, benefit continuation choices, and final payroll considerations. While the pressure to act can be high, these early decisions can materially affect which options remain available later, making clarity around true urgency especially important.



Short-Term (30-90 Days)

As initial deadlines pass, focus typically shifts to cash flow stability, tax implications, and evaluating potential career paths. Decisions in this phase are generally less urgent but more interconnected, as earlier choices begin to shape future flexibility. This window often benefits from scenario planning and deliberate analysis rather than reactive decision-making.



Medium-Term (3-12 Months)

With greater clarity around reemployment or longer-term direction, attention often turns to adjusting strategies and rebuilding momentum. Portfolio positioning, benefit transitions, deferred compensation considerations, and broader wealth planning decisions frequently fall into this timeframe. Although urgency tends to diminish, the cumulative impact of earlier decisions becomes clearer, reinforcing the importance of alignment with long-term financial goals.

Because deadlines vary by employer, compensation structure, and personal circumstances, there is no single universal timeline that fits everyone. However, most tech layoffs follow a recognizable pattern of decision windows that repeat across companies and roles. For this reason, many individuals find it helpful to work from a structured timeline that outlines what typically needs attention immediately, what follows within the first few months, and which decisions can often wait until reemployment or greater clarity emerges.

Given the complexity of equity compensation and time-sensitive decisions common in tech layoffs, some individuals seek guidance from advisors who specialize in the technology sector rather than relying solely on general financial planning. Transitions involving vesting schedules, option exercise windows, and tax timing can benefit from experience with these specific structures. For readers interested in understanding when specialized advice may be helpful, the whitepaper *When Does Personalized Wealth Management Make Sense?* (Stickney Research, 2026), provides additional context.

A detailed decision-window checklist outlining common actions and deadlines is available as a downloadable resource.

Equity Compensation After a Layoff

Equity compensation is often one of the most financially significant (and complex) components of a tech professional's compensation package. After a layoff, equity-related decisions frequently carry compressed timelines, tax implications, and risk considerations that differ materially from those faced during active employment. Understanding how each form of equity is treated after termination is critical, as missed deadlines or poorly timed actions can result in permanent loss of value or unintended tax consequences.

Restricted Stock Units (RSUs)

RSUs require continued employment to vest, meaning unvested shares are typically forfeited after a layoff while vested shares are delivered under plan terms. Vested RSUs are taxed as ordinary income at vesting, regardless of whether the shares are sold, which can leave individuals holding a concentrated stock position without the income that previously supported that risk.

Primary concern: Tax timing and concentration risk after termination.

Stock Options: ISOs and NSOs

Stock options often carry short post-termination exercise windows, commonly 30 to 90 days, after which unexercised options expire. Incentive Stock Options (ISOs) introduce holding period and potential AMT considerations, while Nonqualified Stock Options (NSOs) generate ordinary income upon exercise but offer greater flexibility.

Primary concern: Compressed exercise deadlines and tax exposure.

Employee Stock Purchase Plans (ESPPs)

ESPP participation typically ends upon termination, with accumulated contributions either refunded or used for a final purchase depending on plan terms. Holding period rules affect whether gains are taxed as ordinary income or capital gains, making timing and liquidity important considerations after a layoff.

Primary concern: Tax treatment and liquidity following separation.

Concentration Risk After Termination

A common but often overlooked consequence of a tech layoff is the sudden increase in concentration risk. During employment, ongoing salary and future equity grants can offset the risk of holding a large position in company stock. After termination, that offset disappears. What once felt like a manageable exposure can quickly become a disproportionate share of net worth, particularly if multiple forms of equity are tied to the same company. Evaluating concentration risk involves not only market volatility, but also employment risk, liquidity constraints, and the psychological difficulty of separating past career success from future financial strategy.



Framing Equity Decisions After a Layoff

Equity decisions following a layoff are rarely binary and often benefit from a decision-tree mindset. The most important questions tend to center on timing rather than absolutes: whether to act now or later, how to balance tax efficiency against liquidity needs, and how much risk is appropriate given uncertain future income. Exercising options, holding shares, or selling positions each involves trade-offs between potential upside, tax exposure, and downside risk, many of which become irreversible once key deadlines pass. For individuals with significant equity exposure or investable assets in excess of \$1 million, the financial impact of these decisions can be substantial, leading some to seek guidance from advisors with specific experience in equity compensation, tax timing, and concentrated risk management to help navigate these choices with greater clarity under pressure.

Severance, Benefits, and Health Coverage

Severance and benefits decisions often arrive at the same time as a layoff, yet they can have long-term financial and tax implications. While these choices may appear administrative, they frequently involve strict deadlines and limited opportunities for revision. Understanding how severance structure, benefits continuation, and healthcare coverage interact can help reduce the risk of avoidable gaps, unexpected tax exposure, or cash flow disruptions during a period of transition.



- **Lump Sum vs. Salary Continuation** – Severance is typically paid as either a lump sum or salary continuation. Lump-sum payments provide immediate liquidity but may concentrate taxable income in a single year, increasing marginal tax exposure. Salary continuation spreads income over time and may extend benefits, but can reduce flexibility if reemployment occurs sooner than expected.
- **Benefit Continuation and Election Timing** – Employer-sponsored benefits usually end shortly after termination unless continuation options are elected within strict deadlines. Missing these windows can result in permanent loss of coverage. Because benefit eligibility may be tied to severance structure or employment status, timing decisions should be evaluated together to avoid gaps or overlap.
- **Health Coverage Choices: COBRA vs. Marketplace Plans** – COBRA allows temporary continuation of employer coverage, often at a higher cost, while marketplace plans offer alternative coverage with varying premiums, networks, and potential subsidies. The appropriate option depends on healthcare needs, household income, and expected unemployment duration. Severance timing and structure can directly affect subsidy eligibility and overall healthcare costs.
- **Health Savings Accounts (HSAs) During Transition** – HSA contribution eligibility depends on enrollment in a qualifying high-deductible health plan, which may change during a layoff. Shifts in coverage can affect annual contribution limits and timing. While HSAs remain available for tax-free medical expenses, improper contributions or distributions can trigger penalties.

Not all severance and benefit terms are fixed. While many employers use standard policies, certain elements such as payment timing, benefit extensions, or treatment of accrued compensation may vary based on role, tenure, or circumstances. Understanding which terms are negotiable can help focus attention on areas where flexibility may exist.

Tax Planning in a Layoff Year

A layoff year often creates unusual planning opportunities—and unusual risks. Income patterns can change abruptly, equity compensation may accelerate or expire, and one-time payments can distort what would otherwise be a predictable tax picture. Without careful coordination, it is easy to make decisions that unintentionally increase tax exposure or eliminate future flexibility.

RSU Income Stacking

RSUs are taxed as ordinary income at vesting, regardless of whether shares are sold. In a layoff year, severance, bonuses, and final vesting events can concentrate income into a single year, increasing marginal tax exposure.

Option Exercise Modeling

Exercising stock options may trigger taxable income or alternative minimum tax, depending on option type and timing. Shortened exercise windows in a layoff year often require decisions before full-year income is known, increasing the importance of evaluating tax and risk tradeoffs.

Estimated Tax Payments

Shifts in income timing can create gaps between taxes owed and taxes withheld. Severance, equity income, or option exercises may require estimated payments to avoid underpayment penalties.

Because tax outcomes in a layoff year are shaped by the interaction of compensation, investments, benefits, and timing, many individuals choose to work with advisors who specialize in complex compensation and transition planning. Coordinating tax strategy often requires input from multiple professionals, including expert financial planners, tax advisors, and equity compensation specialists, to ensure decisions are evaluated holistically rather than in isolation.

*Converting an employer plan account or Traditional IRA to a Roth IRA is a taxable event. Increased taxable income from the Roth IRA conversion may include a need for additional tax withholding or estimated tax payments, the loss of certain tax deductions and credits, and higher taxes on Social Security benefits and higher Medicare premiums.

Roth Conversion Opportunities*

A temporary drop in income after a layoff may make Roth conversions more attractive at lower tax rates. These decisions must be coordinated with other income sources to avoid unintentionally increasing overall tax liability.

Tax Loss Harvesting

Market volatility during periods of transition can create opportunities to realize losses that offset gains or rebalance concentrated positions. The value of loss harvesting depends on timing, wash sale rules, and future investment plans.

Charitable Giving Strategies

Changes in income during a layoff year may create opportunities to revisit charitable giving. Strategies such as donating appreciated securities or using donor-advised funds are most effective when aligned with income timing and deduction planning.

Cash Flow & Liquidity Management

A layoff often brings uncertainty, but it also creates an opportunity to slow the pace of financial decision-making and focus on stability. Before addressing longer-term planning considerations, many people benefit from establishing a clear understanding of near-term cash flow and available liquidity. This clarity can reduce stress and help prevent reactive decisions during an already demanding transition.

Building a Financial Runway

One of the first priorities after a layoff is assessing how long existing resources can support ongoing expenses. Many individuals aim to establish a financial runway of approximately three to six months, though the appropriate duration depends on factors such as severance structure, household income sources, and expected reemployment timelines. Viewing this runway as a planning tool rather than a fixed rule can help set realistic expectations without creating unnecessary pressure.



Understanding Liquidity Hierarchy

Not all assets are equally suited to meeting short-term cash needs. Readily available cash and taxable investment accounts are often more flexible sources of liquidity than retirement accounts or illiquid assets. Understanding which resources are easiest to access, and which carry tax or penalty implications, can help prioritize spending decisions and preserve longer-term financial flexibility.

Avoiding Premature Liquidation

Periods of transition can make it tempting to liquidate long-term investments or retirement assets to create a sense of certainty. In many cases, doing so can introduce unnecessary taxes, penalties, or opportunity costs. Taking time to evaluate whether short-term needs can be met through more efficient sources of liquidity can help avoid decisions that are difficult to reverse.

Unemployment Benefits

Unemployment benefits can provide temporary income support during a job transition, though eligibility, benefit amounts, and duration vary by state and individual circumstances. While these benefits may not replace prior income levels, they can help supplement cash flow and extend a financial runway. Understanding how benefits interact with severance or other income sources can help set more accurate expectations.

Turning a Disruption into a Reset

A layoff is disruptive, but it does not have to be defining. While the loss of a role can feel sudden and disorienting, it is ultimately a moment in time rather than a verdict on past performance or future potential. Many people emerge from these transitions not by reacting quickly, but by slowing down long enough to make thoughtful, well-timed decisions.

As this paper has outlined, the financial impact of a tech layoff is shaped less by any single choice and more by how decisions compound over time. Equity elections, severance structure, tax timing, and liquidity management each influence the next set of options available. Small decisions made under pressure can carry outsized consequences, while measured choices, made with clarity, can preserve flexibility and protect long-term outcomes.

Clarity does not come from predicting the future. It comes from understanding tradeoffs, recognizing deadlines, and knowing which decisions require immediate attention and which allow for patience. When timing is understood and complexity is acknowledged, a layoff can become not just a disruption, but a reset—an opportunity to realign financial decisions with longer-term priorities and goals.



When People Typically Seek a Second Opinion

Periods of transition often introduce decisions that appear familiar but operate under materially different constraints. In the context of a tech layoff, changes in income, equity compensation, and tax exposure can compress timelines and narrow the range of available options. Decisions that might otherwise be revisited or adjusted are frequently subject to fixed deadlines, irrevocable elections, or sequencing requirements that increase the cost of missteps. As a result, individuals often seek a second opinion not because something feels wrong, but because the structure of the decisions has changed.

You may consider seeking additional perspective when equity exposure represents a meaningful portion of net worth, particularly if multiple forms of equity converge around the same employer. It may also become relevant as tax complexity increases, such as navigating alternative minimum tax exposure, coordinating severance with equity events, or managing income across multiple states. In these situations, the order in which decisions are made can materially influence outcomes, even when the underlying choices appear straightforward.

Career transitions frequently introduce parallel decisions rather than isolated ones. Severance negotiations, benefit elections, healthcare coverage, and next-career considerations often unfold simultaneously, each constraining the others. When multiple decisions interact under time pressure, individuals may reassess whether their existing advisory relationships are designed to support complex, time-sensitive planning or whether additional specialization may be appropriate.

About Stickney Research

Stickney Research is an independent advisory firm serving individuals and families whose financial complexity has outgrown self-directed strategies and standardized advisory models. The firm specializes in moments where equity compensation, tax considerations, concentrated investments, and career transitions intersect, requiring coordinated, judgment-driven advice rather than one-size-fits-all solutions.

Stickney Research works extensively with technology professionals, executives, and founders navigating compressed decision timelines related to equity compensation, severance, liquidity events, tax exposure, and career transitions. As a fiduciary, the firm provides advice grounded in transparency, objectivity, and rigorous analysis, integrating investment strategy, tax planning, equity compensation, and cash flow considerations to bring clarity to complex, time-sensitive financial decisions.

Based in Bellevue, Washington, Stickney Research serves clients throughout the Pacific Northwest and across the United States. Its roots in a technology-focused region provide direct insight into the compensation structures, labor dynamics, and market cycles that shape the financial lives of tech professionals.



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