
stock options

Posted by Micky B - 2008/03/19 02:00

Employer is offering stock options to employee. Employee can elect to value to stock at date of receipt or date of exercise. Anyone have an experienced recommendation on which to choose?

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Re:stock options

Posted by Tomas P - 2008/03/19 17:05

employer stock options are tricky. You can elect to income in income now and pay the tax now or pay the tax when you exercise the option. Usually, if you think the stock value is gonna increase you declare them now and pay the tax now. If you think the value will decrease, you exercise them later and pay less tax.

Its a gamble. No one has a crystal ball to predict the future value of a stock.....unless you are an insider.

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Re:stock options

Posted by Micky B - 2008/06/27 09:49

My client is going to make the election to include them in income now because the value is depressed. So, hopefully they dont depreciate further. Thanks for the help.

Question: are the stock options reported on a 1099 or W-2? Does the employee pay capital gains on them?

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Re:stock options

Posted by LK311 - 2008/06/27 11:03

So does this advice mean he is now reporting income on the accrual method as opposed to cash basis? And can you change like that from year to year?

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Re:stock options

Posted by LK311 - 2008/08/13 16:36

The lure of stock options is attractive. The problem is that holding too much of a company stock is that in a volatile market could cause a large loss from over allocation of funds into one stock. I've been seeing a lot of it lately with clients holding National City, Rite Aid and Ford.

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Re:stock options

Posted by great1 - 2008/08/25 07:13

this thread is pretty well responded to, but I wanted to answer Mickey's question as to how they are reported. Stock options are reported on w-2 as part of wages and compensation. The employee should get a cost basis statement from the employer showing what he paid for them. You must retain this information. Its the only proof of your cost. Especially if you hold on to the stock for some years.

And, many stock options restrict when the owner can sell the stock.

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Re:stock options

Posted by OnTheGo - 2008/08/25 09:57

I would take it up front. Generally even though a new stock will go down after a short while, its been my experience that in the start the stock tends to start to sky rocket. Its a different story if you have to hold the options for a while before selling, then you have to keep your ears open to what the buzz is on the options.

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worthless stock options

Posted by 10Post - 2008/11/28 17:01

With the stk market in the tank, most STK OP are worthless (out of the money). I wanted to share this article with this thread!

STK OP are like flushing your wages into the toilet. I'd rather have the cash!..

<http://www.dailymarkets.com/options/2008/11/22/stock-options-here-we-go-again/>

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