A guide for selecting work benefits

Modern retirement monthly

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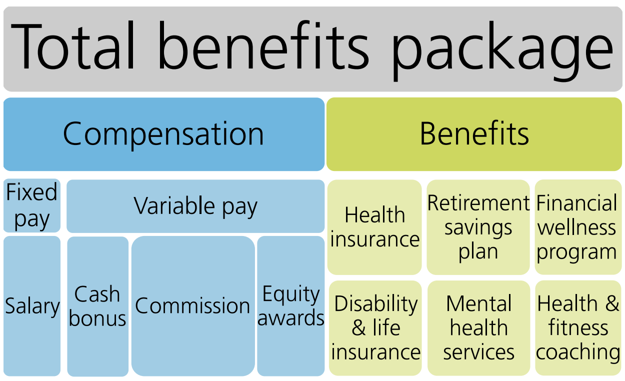
- In addition to your salary, you may be eligible for a variety of different work benefits, including insurance, retirement savings plans, and equity awards. These benefits contribute to your long-term financial goals, while also helping to protect you and your family against risks.
- You should not simply opt for the lowest-cost benefits. Cutting costs could increase your take-home pay today, but your family will benefit from choosing the benefits that best align with your goals.
- We have created a four-point checklist to help you to make work benefit decisions based on your family's needs, as well as your financial situation.
- After reviewing the checklist at the end of this report, discuss your benefit options with your financial advisor and tax consultant, who can help you consider them through the lens of your overall financial plan. You should also review and update your benefits choice annually or when there is a change in your life.

In addition to your salary, your employer likely compensates you with noncash benefits, such as health insurance and equity awards.

Even when a benefit doesn't have a clear dollar amount associated with them, every aspect of your total benefits package is an important element when it comes to supporting your health and financial well-being today and in the future.

To help you determine which benefits you need—and how much you should choose—this report will walk you through the process of making benefit decisions via the lens of your financial plan. Our hope is that this guide will help to clarify and simplify the process of choosing your work benefits, as well as give you a framework for fully appreciating the value that each benefit has to offer.

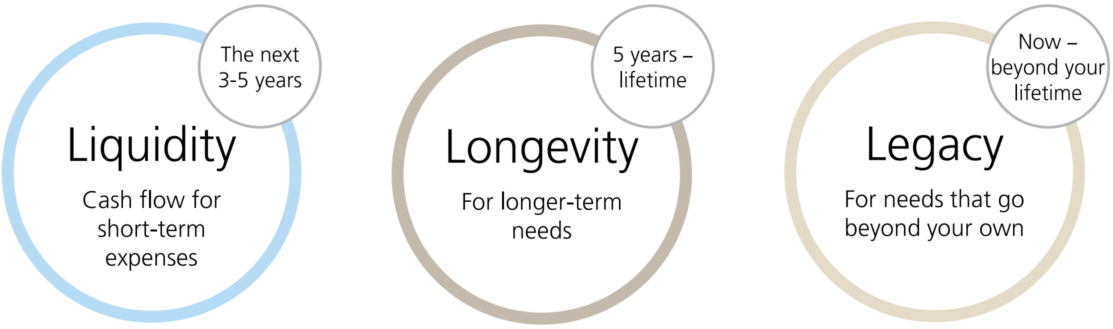
Figure 1 - Cash isn't the only way that you're compensated for your work



Source: UBS. For illustration purposes.

In order to get the most out of your benefits, it's important to have an understanding of how each benefit works along with how they can affect you across all time horizons. To help you through this process, this report will walk through work benefit decisions through the context of the Liquidity. Longevity. Legacy. framework, which can be a helpful way to understand how each decision might contribute to your long-term financial goals, and help to protect you and your family against risks.

The Liquidity. Longevity. Legacy. framework



Where do work benefits fit into your plan?

- Set aside enough resources to meet your health plan's out-of-pocket limit, if needed
- Use your Flexible Spending Account (FSA) to fund medical expenses with pre-tax dollars

- Save and invest for long-term growth in your Health Savings Account (HSA) and 401(k)
- Protect your human capital with disability and life insurance

- Provide your survivors and estate with liquidity through life insurance
- Review beneficiary designations on your retirement accounts

UBS Wealth Way is an approach incorporating Liquidity. Longevity. Legacy. strategies that UBS Financial Services Inc. and our Financial Advisors can use to assist clients in exploring and pursuing their wealth management needs and goals over different timeframes. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment.

1. Choose a health insurance plan

One aspect to consider when choosing your healthcare coverage is the type of plan. That's because there are many health insurance types that come with different levels of flexibility on access and choice. Knowing the type of coverage will help you to make sure that the plan you choose aligns with your family's healthcare needs and preferences.

Generally speaking, there are three main types of health insurance:

1. **Health maintenance organizations (HMOs)** offer the most restrictive medical care, usually requiring you to go through a "gatekeeper" that will decide whether you need to see a specialist.

2. **Preferred provider organizations (PPOs)** generally don't require you to be referred to specialists, and you can get health care from out-of-network providers, but you will likely incur higher costs for doing so.

3. **Point of service (POS)** plans provide some additional flexibility, allowing you to choose which service (HMO or PPO) to use each time you see a doctor. There is generally no deductible for visits to your in-network primary care physician, and they may refer you to specialists or out-of-network providers, which can help to reduce the out-of-pocket costs.

You'll also need to make sure that the healthcare plan you choose will fit your family's budget.

In doing so, it's important to look past the "sticker price" and consider the likely total cost of your annual medical needs.

Health insurance costs have several components:

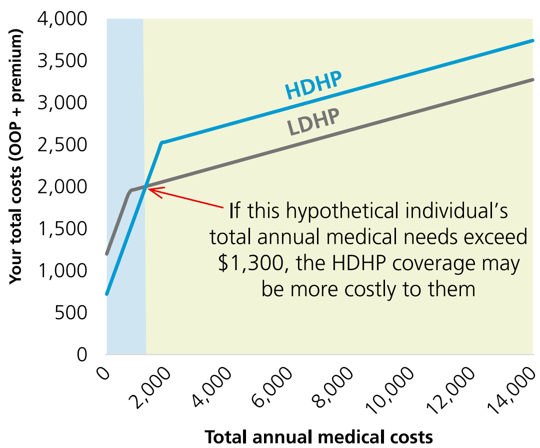
- The **premium** is the amount that you pay for insurance each month or each pay period.
- The **deductible** is the amount of covered expenses that you must pay out-of-pocket before your plan begins to share the costs with you. Once you have met your deductible, you and your plan will share the burden of covered costs.
- The **coinsurance** percentage is the portion of covered expenses that you'll be responsible for once you exceed your deductible. This is different from copays, which are fixed amounts that your plan may require you to pay for covered medical services.
- The **out-of-pocket limit** is the maximum amount of approved out-of-pocket costs that you'll be responsible for during the coverage period. Once you exceed this amount, your plan will cover 100% of covered costs for the remainder of the year.

The IRS segments health insurance plans into two categories: **high-deductible health plans (HDHPs)** and **low-deductible health plans (LDHPs)**.

While HDHPs can *seem* less expensive because they come with a smaller sticker price (i.e., lower premiums), they may be more expensive to you overall than LDHPs if you incur significant medical expenses throughout the year (Figure 2).

Figure 2 - The lowest premium plan might not be the least expensive overall

Total annual cost (including monthly premiums and out-of-pocket [OOP] expenses) to the employee assuming either a high-deductible health plan (HDHP) or low-deductible health plan (LDHP) and various total annual medical expenses, in $



Source: UBS. HDHP: $60 monthly premium, $1,800 deductible, 10% coinsurance, $3,600 OOP max. LDHP: $100 monthly premium, $750 deductible, 10% coinsurance, $3,000 OOP max.

Figure 2 illustrates how various levels of annual medical expenses can result in different total costs to you throughout the year, assuming two hypothetical health plans (an HDHP and an LDHP).

As you can see, if you can manage to keep your medical bills below $1,300, you would end up spending less on premiums and out-of-pocket costs combined if covered under the hypothetical HDHP. However, if you have many recurring medical costs that amount to more than $1,300, the HDHP will be more costly to you.

Since most of us won't know how much medical care we'll actually need in the future, it's impossible to determine whether a high- or low-deductible health plan will end up being cheaper for you.

To address this uncertainty, it's important to consider the potential costs you may incur for care throughout the year:

- If you are single and healthy, your annual medical costs may be fairly minimal. In this case, if it's unlikely that your medical costs will exceed your deducible that year, then an HDHP may help you to keep more of your paycheck (because there will be a lower monthly premium) while still giving you coverage in the event of a big-ticket emergency medical bill.
- If you and your family have several recurring medical costs each year, you may expect your medical bills to exceed the deductible. In this instance, an LDHP plan may make more sense because, although you'll be paying a higher premium, the health insurance plan will pick up a share of the costs sooner, reducing your out-of-pocket costs.

Knowing the details of how you share the expenses of your healthcare with the health insurance plan will help you find a plan that will fit into your family's budget.

And, once you choose a plan, the cost-related details will be particularly helpful to you when deciding how much to contribute to your flexible spending account (FSA) or health savings account (HSA), as well as how much cash to set aside for out-of-pocket healthcare costs in your Liquidity strategy (funds for meeting the next three to five years of cash flow needs).

What's the difference between an FSA and an HSA? Low-deductible health plans sometimes offer **flexible spending accounts (FSAs)**. These are "use it or lose it" dollars that you can fund with pretax dollars, which can then be distributed tax-free for qualified expenses.

FSAs can help you to effectively deduct the cost of your out-of-pocket medical expenses from your taxable income, but any funds that aren't spent by the end of the year will be lost (unless your plan has a grace period or rollover feature).

Health savings accounts (HSAs) are triple-tax advantaged investment accounts. If you are covered by a HDHP, you can contribute funds into an HSA on a pretax basis and invest the funds. As long as you eventually withdraw the funds for qualified medical expenses, your investments will grow tax-free and your distribution will also be free of taxes.

Unlike FSAs, HSAs are not subject to a "use it or lose it" time horizon; in fact, because of their tax-free growth potential, we generally recommend that families leave their HSAs invested and growing until they need to begin tapping the funds for medical expenses in retirement.

Figure 3 - What's the difference between an HSA and an FSA?

Characteristics of health savings accounts (HSAs) and health flexible spending accounts (FSAs)

	HSA	FSA
Qualified HDHP coverage required	Yes	No
Tax advantages	Tax-free contributions, growth and withdrawals for qualified medical expenses	Tax-free contributions and withdrawals for qualified medical expenses
Investment capability	Yes (earnings grow tax-free)	No
Carryover	Unused funds carryover and never expire	Use-it-or-lose-it, although your employer may allow up to $610 of unused funds to carry over to the next year
Portability	You can take the funds with you when you leave that employer	Funds are forfeited if you leave your employer
Ownership	Employee	Employer

Source: UBS. This list does not include all of the details related to each type of account. Speak with your account provider for the details specific to your plan.

Next steps

1) Use a flexible spending account (FSA) for annual out-of-pocket medical costs. If you are in a low-deductible health plan and are looking for funds to help you cover current healthcare costs, FSAs' "use it or lose it" rule makes them an ideal source of funds, and thus considered a part of the Liquidity strategy.

FSA contribution amounts are typically locked in after the enrollment period, so it's important to take the time to estimate next year's out-of-pocket expenses before setting up your account.

If you underestimate expenses and underfund the account, you'll need to use after-tax dollars when the FSA is depleted.

By contrast, if you overfund the account, you run the risk of forfeiting the excess dollars.

2) Save and invest for long-term growth using a health savings account (HSA). If you are in a qualified high-deductible health plan and have access to an HSA, save as much as you can (up to the annual contribution limit) in your HSA and invest the assets for long-term growth.

While you do have the option to use HSA assets during your working years, we generally recommend against it.

Keeping those assets invested can help you make the most of the HSA's triple-tax advantaged compounding growth potential.

If you do not have after-tax resources to tap for near-term healthcare expenses, we recommend allocating enough in your HSA money market fund to cover the current year's deductible.

Tapping your HSA isn't a *last* resort (we'd recommend doing so before taking on credit card debt, for example), but it's a very costly option, especially when you consider the forgone growth potential of each dollar taken out.

For more information on HSAs and how they can be used to for healthcare expenses in retirement, please see "HSAs and the power of tax-free growth."

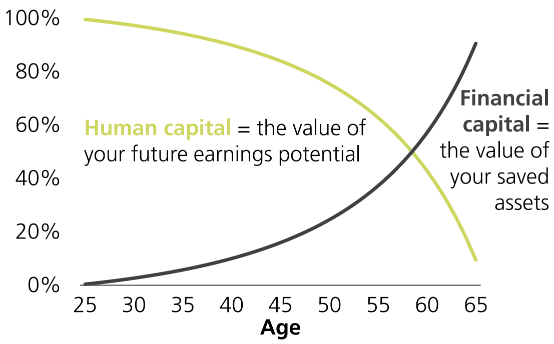
2. Protect your human capital

If you're in your working years, one major asset that you might overlook on your balance sheet is "human capital," which represents the value of your future earnings potential.

From your family's perspective, this is a stream of income that they rely on for current and future living expenses, and it is the bulk of your net worth until you approach retirement, at which point you will have turned unearned income into financial assets.

Figure 4 - Early in your career, human capital will be the bulk of your total wealth

Human capital and financial capital as a percentage of total wealth for a hypothetical investor by age



Source: UBS. For illustration purposes.

Permanent—and even temporary—shocks to your income can damage your financial situation, making it more difficult to reach your financial goals.

Fortunately, your employer may offer benefits that can help you to protect your human capital, such as disability insurance, which pays you a certain percentage of your income in the event an accident or sickness prevents you from being able to work, and life insurance, which pays a lump sum payment to your survivors in the event you pass away prematurely.

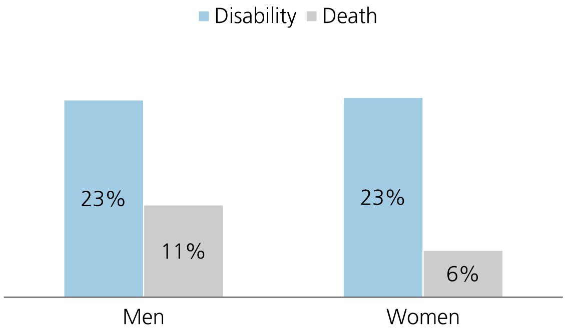
Do I need disability insurance? When considering whether to purchase disability insurance, you're essentially deciding whether to insure your family's biggest asset.

While most of us think "it won't happen to me," the odds of becoming disabled at some point in your career are one in four, according to the Social Security Administration.

Consider what would happen if you were no longer able to earn an income due to an illness or injury. Who would pay your bills? Would your family find another way to fund their living expenses?

Figure 5 - Disability is more common than you might think

Probability of death and disability before retirement (at age 67) for workers who reached age 20 in 2024.



Source: Social Security Administration, UBS.

It's important to understand what you're actually getting out of the policy. For instance, the policy's **definition of disability** will tell you under what circumstances you would qualify to receive the benefits, and the **benefit amount** of the policy tells you the percentage of your income the insurance company would replace.

Not all policies are created equal. Some policies will require you to wait for a certain period of time from the point when the disability occurs until the first benefit is paid, so make sure you confirm the policy's **elimination period**.

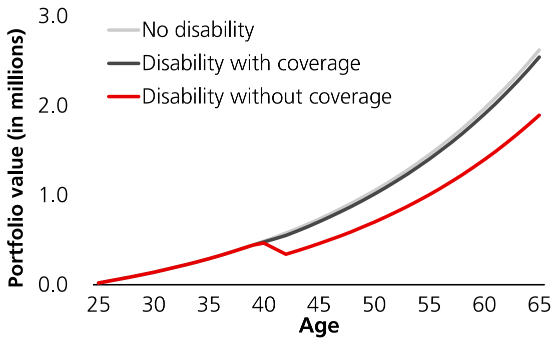
In addition to knowing when the benefits start, you'll need to know the **benefit period** so that you're aware of how long you can claim payments if you're unable to work.

Short-term disability policies are intended for temporary illnesses or injuries—they cover lost income for several weeks, or up to two years. Whereas, a long-term disability policy may replace a portion of your income for several years, or up to a certain age, depending on the policy's terms.

Disability insurance can help you feel confident that you'll be able to meet current spending needs in the event an illness or injury prevents you from working. But, your human capital isn't just a source of funding for today's expenses—it's your source of funding for all future expenses as well. So, disability insurance can also be a powerful tool for making sure that your Longevity strategy will be large enough to provide for the future well-being of your family.

Figure 6 - Disability insurance protects your income and helps you stay on track for retirement

Growth of retirement savings for a hypothetical investor with no disability, with a 3-year disability occurring at age 40 with and without coverage. Assumes an annual growth rate of 5%.



Growth of retirement savings for a hypothetical investor with no disability, with a 3-year disability occurring at age 40 with and without coverage. Assumes an annual growth rate of 5%.

Notes: In the scenario with disability coverage, the short-term policy replaces 100% of pay for the first 12 weeks, and 60% of pay for the next 14 weeks. The long-term disability coverage kicks in during week 27 and covers 50% of pay. In the scenario with no disability coverage, the individual has enough cash in their emergency fund to meet one year's worth of spending. During Year 2 and 3 of their disability, they withdraw funds from their retirement savings to fund spending.

How much life insurance do I need? The purpose of life insurance is to provide funds to your survivors in the event you pass away prematurely.

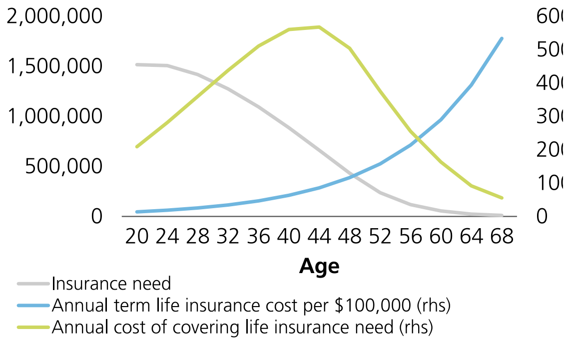
Fortunately, life insurance is cheapest when you are young and the value of your human capital is at its highest level.

And, although the cost to purchase life insurance (per dollar of benefits) rises over time, your need for life insurance may decline over time because there is less future income that you would need to protect.

These dynamics mean the cost of covering your life insurance need will actually grow until you are in your late 40s, at which point your declining insurance need will offset the rising cost of insurance.

Figure 7 - While the cost of life insurance rises with age, it is offset by the declining insurance need

Estimated annual cost of covering life insurance needs by age



Source: UBS. Life insurance need estimated using net present value of future earnings from "Valuing Human Life: Estimating the Present Value of Lifetime Earnings," Max, W., Rice, D.P, Sung, H., & Michel, M. (2004)

To estimate your insurance need, a basic calculation can be done by taking your total future expenses that you want to cover for your survivors and subtracting the existing assets you have that can be used to cover those obligations, such as savings, existing life insurance coverage (if any), and your spouse's income.

If your income is currently being used to cover living expenses, you could start quantifying your future financial obligations by multiplying your total household income by the number of years you want to replace. If a portion of your household income isn't currently being saved and invested for a major expense in the future, such as college education for each child, make sure you add in those big ticket items as well.

If your employer offers life insurance coverage at no cost to you, there's generally no reason why you shouldn't accept it. But, before defaulting to whichever option costs the least amount today, it's important to understand the details when comparing your options.

If you aren't aware of the key details, like the **benefit amount**—which is usually based on a percentage or multiple of your compensation—or the **duration of the coverage**, the amount of protection may fall short of what is actually needed to ensure the financial well-being of your loved ones.

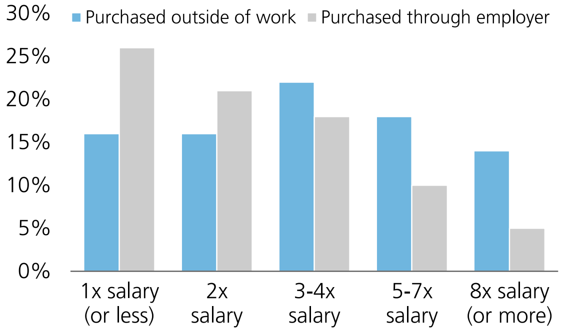
With the details of your employer's basic coverage, you'll be able to identify any gaps between that policy's coverage and your insurance need. If the basic coverage isn't enough, you may want to purchase supplemental coverage through your employer (if available), or outside of work through an insurance provider.

Purchasing supplemental coverage through your employer is often convenient, less expensive, and acceptance may even be guaranteed without you having to provide information about your current health status. This can be an appealing feature if you have medical conditions that may preclude you from qualifying for coverage outside of work.

But, don't let convenience be the only factor in determining where you purchase your life insurance and at what coverage level. Policies offered through an employer typically offer less coverage than what you could find on your own.

Figure 8 - Group life insurance policies typically provide lower levels of coverage compared to individual policies

Percentage of policies purchased through work and outside of work by level of coverage



Source: Guardian Workplace Benefits Study, UBS.

Next steps

1) Calculate your disability and life insurance need. Add up your monthly expenses, including savings and debt payments, to identify the insurance payments your family would need to replace your income.

2) Assess your current disability and life insurance coverage. Your annual sick days can be used to protect your family from a temporary loss of income for a run-of-the-mill accident or illness, but you should also find out what types of short- and long-term disability insurance are covered by your basic coverage.

You should also determine the basic life insurance coverage offered to you by your employer and review any other insurance plans that you have.

3) Identify any insurance gaps. Compare your insurance need to your current coverage.

4) Consider your options. If you identify a gap between your insurance need and your current coverage, consider purchasing supplemental coverage. Your employer may offer greater disability coverage as a voluntary benefit, in which you pay out-of-pocket for the premiums for a higher level of coverage at a group rate.

Alternatively, you may wish to buy disability insurance directly through an insurance provider. Once you've purchased your coverage, make sure you have enough resources set aside in your Liquidity strategy to finance your family's spending needs through your policy's elimination period.

Life insurance can offer peace of mind that your family will be taken care of in the worst-case scenario, and it can also be a tool to help you to manage federal or state estate taxes and boost the after-tax wealth you are able to leave your family.

Review your life insurance needs and resources with your financial advisor. Together, with your tax advisor, you can build a strategy to balance the costs and tax benefits of different strategies while meeting your objectives.

3. Save for retirement

There's a reason many Americans hold the bulk of their retirement savings in 401(k) accounts: They provide an opportunity for tax-deferred growth that compounds over time. Each tax-advantaged savings vehicle allows you to contribute to different types of tax treatments that are either tax-deferred or tax-exempt.

Figure 9 - Each tax treatment has certain implications when contributing to, and distributing from, these accounts

Tax treatments according to account type

		Contributions are pre-tax or tax-deductible	**Investment earnings grow tax-deferred**	**Distributions are tax-free**
Tax-deferred	Traditional 401(k)	X	X	
	Traditional IRA	X	X	
Tax-exempt	Roth 401(k)		X	X
	Roth IRA		X	X
	Health Savings Account (HSA)	X	X	X

Source: UBS

If your employer offers a 401(k), it is likely a Traditional 401(k) where contributions are made on a pretax basis, investment earnings grow tax-free, and distributions taken in retirement are taxed at ordinary income tax rates.

Some employers also offer the option to contribute to a Roth 401(k) where contributions are made after taxes are withheld, but investment earnings grow tax-free, and qualified distributions are also free of income tax.

If you're choosing how much of your contributions to allocate to your Traditional or Roth 401(k) account, bear in mind that you may want to make changes to last year's elections.

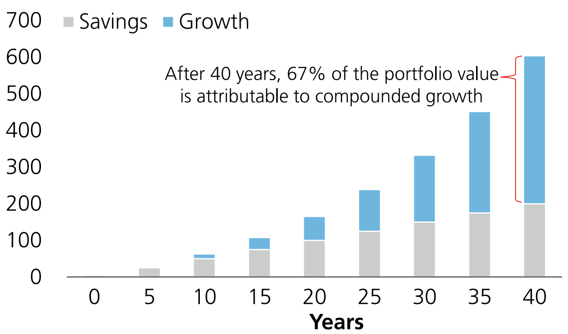
If you've moved to a higher-tax state, if you've been bumped into a higher income tax bracket, or if you're simply worried that taxes will be higher in the future, then adding tax diversification by spreading assets between tax-deferred and tax-exempt retirement accounts can help you manage risks around your future tax liability.

Even if you don't have access to a 401(k), you may be eligible to contribute to a Traditional or Roth IRA. While direct IRA contributions don't usually enjoy the benefit of employer-matched contributions, they may still offer the same tax-exempt or tax-deferred earnings growth as their 401(k) counterparts.

Where should I be saving for retirement? It's important to enroll in retirement saving benefits as early in your career as feasible, and to strive to maximize your contributions to take full advantage of tax-deferred growth over the course of your lifetime.

Figure 10 - Start saving early to take advantage of compounding growth potential

Hypothetical example of savings and growth accumulated over various time horizons assuming $5,000 is saved and invested each year with an average annual growth rate of 5%. In thousands.



Source: UBS. For illustration purposes.

Thanks to the power of compounding, the earlier you start saving, and the more you invest, the more taxes you will save and the more investment growth is possible.

HSAs can be a crucial tool for funding healthcare expenses in the Longevity strategy because of their unique tax advantages. Since you may not be able to add to HSAs throughout your working life (you may want to shift to a low-deductible health plan when you're older and start a family), front-loading your contributions early in your career—and leaving those assets invested in the Longevity strategy until they are needed during retirement—can help you make the most of the HSAs' triple tax-free growth.

But retirement accounts, such as 401(k)s and IRAs, have much higher contribution limits, so even though they are only "double tax advantaged" they should still be a crucial component of your Longevity strategy.

When feasible, you should maximize your contributions to your 401(k)/IRA assets and to your HSA. If it's not feasible, the question shouldn't be about picking one account over the other; it should be about the prioritization of your savings contributions. This involves weighing your current tax rate, employer match, investment options, and the tax rate you'll face in retirement.

Next steps

1) If your employer offers a retirement plan. If you're fortunate enough to work for a company that has an employer-sponsored retirement plan like a 401(k), make sure you take advantage of it. And, if your employer offers a matching contribution, aim to contribute at least the minimum amount required in order to receive the full employer match.

2) Prioritize your savings. Fill out the savings waterfall worksheet and discuss your retirement savings options with your financial advisor, then set up direct deposit and automatic investment strategies so that your spending is covered automatically and the rest is invested as you receive your paychecks.

3) Establish good savings habits. Some plans have an auto-increase feature that automatically increases your contribution amount each year. While we suggest revisiting your savings strategy every year, turning this feature on can help you to make sure you are saving more each year.

4. Make the most of your equity awards

If you receive equity awards from your employer, either automatically or voluntarily, it's important to take the time to understand how the plan or program works. The more you know about your plan, the more confident you can feel that you're getting the most out of this benefit that can help you build wealth and save for retirement.

Incentive stock options, nonqualified stock options, restricted stock units, and employee stock purchase plans are some of the more common forms of equity awards. It may automatically be part of your compensation, or it may be an optional benefit that you can choose to participate in.

Equity compensation and equity benefits tend to have more risk, illiquidity, and uncertainty in comparison to a salary. What's more, this part of your compensation is taxed differently than your paycheck and each type of equity awards is subject to different tax rates.

Figure 11 - You will eventually have to pay taxes on your equity awards, as well as any growth

Types of taxes applied to various forms of equity compensation when there's a transfer of shares

	Types of taxes		
Equity compensation type	**Ordinary income**	**Supplemental income**	**Capital gains**
Employee Stock Purchase Plan	•		•
Non-Qualified Stock Options		•	•
Qualified Stock Options			•
Restricted Stock	•	•	•
Restricted Stock Units	•		•
Stock Appreciation Rights	•	•	•
Performance Shares	•		•

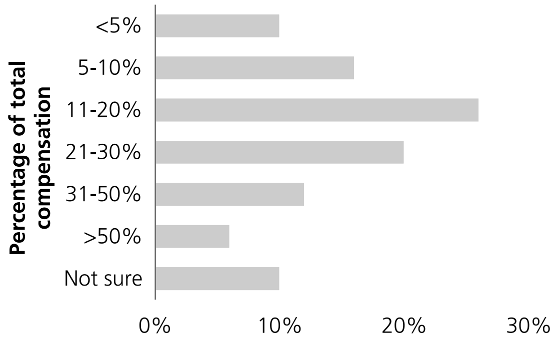
Source: UBS. Speak with your financial advisor and tax consultant about ways to mitigate your tax implications.

Equity awards can be overwhelmingly complex, which makes it difficult to know what action should be taken with them and how they should be used, as part of your financial plan, along with your other assets and income.

If you aren't familiar with the specific rules, tax implications, and actions you need to take regarding your equity awards, you might not be getting the most out of a benefit that can make up a significant portion of your overall annual compensation.

Figure 12 - How much of your compensation is received in equity?

Percentage of survey respondents (x-axis) who receive various percentages of overall annual compensation in equity awards (y-axis)



Source: UBS Workplace Voice, "Benefits take center stage," July 2021, additional findings that did not make the final report.

Next steps

1) Share the details of your equity compensation plan with your financial advisor. A few key details for you to confirm include the enrollment period; whether there is a contribution minimum or maximum; whether your employer matches your contributions, or offers a discount on the shares you purchase; the award date, which performance metrics must be met, if any; the vesting schedule; and, the tax implications.

If your equity compensation plan is optional, these details will be helpful as you work with your financial advisor to weigh the pros and cons of participating in your employer's equity compensation program.

If interest in your company's stock is part of your compensation automatically—meaning you don't have to decide whether to participate in the program—or if you've already decided to participate in the plan, these details are necessary to consider when integrating these resources into your overall investment strategy.

2) Determine the role the equity awards will play in your financial plan. What you do with your equity awards depends on your personal needs and objectives.

There are three main ways to extract value from your equity awards: to fund a near-term need; build a safety net for emergencies; or invest for a long-term financial objective, such as retirement.

Taking the time to identify your objectives will make it easier for you and your financial advisor to determine how the equity awards should be positioned in your financial plan to help you achieve those goals. And, make sure you revisit this approach whenever there's a life change, such as marriage, having a child, or changing jobs.

3) Monitor the amount of your wealth that's held in your company's stock. Regardless of how you plan to use equity awards, be mindful of the amount of wealth that you have tied up in your company's stock relative to the rest of your assets.

A concentrated stock position in your portfolio can be a risky proposition, but this risk is heightened when it's stock in a company that pays your salary. Your financial advisor can help you build diversification around a concentrated position, and can help you protect your financial success against the threat of an idiosyncratic risk to the business.

For more insights and strategies regarding concentrated stock positions, listen to our podcast: How to address your company stock within your financial plan.

Conclusion

This is not an exhaustive list of common work benefits. You may have access to other benefits not mentioned in this report, such as financial wellness programs or mental health support. Even still, we hope that this report helps give you a head start to making the most of your work benefits.

Make sure you share these details and approach these decisions with your financial advisor and tax consultant, where relevant, so they can help you consider them through the lens of your overall financial plan. After all, many of these choices require a balance between what's optimal for your financial situation today, versus what's best for you and your family in the future.

For a summary of the action items we discussed in this report, please see the four-point checklist on the next page.

A four-point checklist for your work benefits

Choose your health insurance

- ❑ **Compare plan costs**. Review the premiums, deductible, coinsurance, copays, and out-of-pocket maximum terms for each plan, and use these to evaluate the total costs you may be exposed to over the coverage period.
- ❑ **Select a plan** that makes sense for you based on your family's healthcare needs and your budget.
- ❑ **Set aside funds for out-of-pocket costs.** Once you've chosen a plan, make sure you have enough set aside in your Liquidity strategy to cover potential out-of-pocket costs.
- ❑ **If you have a low-deductible health plan** with a flexible spending account (FSA), set your contribution amount by estimating how much you think you may spend on healthcare that year.
- ❑ **If you have a high-deductible health plan** and have access to a health savings account (HSA), contribute as much as you can afford to save (up to the annual contribution limit) and invest these funds for long-term growth.

Protect your human capital

- ❑ **Calculate your disability and life insurance need.**
- ❑ **Assess your current disability and life insurance coverage.**
- ❑ **Determine if there is an insurance gap** (the difference between your insurance need and current coverage).
- ❑ **Consider your options for closing the gap.** If your current coverage falls short of your insurance need, speak with your financial advisor about purchasing supplemental disability and/or life insurance coverage either through your employer (if available) or through an insurance provider.

Save for retirement

- ❑ **Determine how much you can afford to save.** Compare your spending and your income.
- ❑ **Review the details of your company's retirement savings plan** (annual contribution limits, contribution match, retirement contribution, etc.).
- ❑ **Prioritize your savings.** Fill out the savings waterfall worksheet and determine which accounts will provide you with the most after-tax growth potential—starting with your employer 401(k) match, if available.
- ❑ **Set up an automatic saving and investment strategy.** Make payroll deduction and direct deposits, and set up automatic investment strategies, so that your savings are put to work quickly.
- ❑ **Establish good savings habits.** If given the option, turn on the auto-increase feature so that your savings rate will increase every year in case you forget to increase it yourself.

Make the most of your equity awards

- ❑ **Gather the details of your equity compensation plan and share them with your financial advisor.** If you are unfamiliar with your plan's details, ask your employer if they offer educational materials and advice.
- ❑ **Determine the role your equity awards will play in your financial plan** to help you achieve your goals, and make sure you revisit this approach whenever there's a life change.
- ❑ **Monitor the amount of your wealth that's held in your company's stock.** Your financial advisor can help you assess and manage the risks associated with holding a concentrated stock position in your portfolio.

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