



MICROSOFT **MONEY MOVES**

YOUR MONTHLY GUIDE TO STRATEGIES FOR
MAXIMIZING YOUR WEALTH AT MICROSOFT

Smart Decisions in Your Peak Earning Years

For many Microsoft professionals, the final stretch of their career represents the highest income they will ever earn. Base salary is strong. RSU grants are meaningful. Retirement balances are substantial. On paper, everything looks solid.

Yet peak earning years are not about how much you earn. They are about how intentionally you structure what you earn to support your lifestyle and long-term goals.

For most professionals, the final five to ten working years determine whether retirement becomes a choice or a necessity. These years combine maximum income, maximum tax exposure, and often significant concentration in a single company.

Why These Years Carry So Much Weight

Peak earning years typically bring:

- The largest RSU grants of your career
- The highest marginal tax rates
- The greatest savings capacity
- The highest exposure to Microsoft stock

Unstructured decisions during this window can delay retirement by years. Even marginal increases in recurring lifestyle spending, combined with a misallocated investment portfolio or inefficient tax decisions, can shift a potential age 55 retirement to age 60 or later.

Small decisions compound quickly at higher income levels. The opportunity is enormous. So is the margin for error.

Lifestyle Expansion Is Permanent

As compensation increases, spending often increases alongside it. There is nothing wrong with enjoying your life. The key is intentionality.

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An additional \$40,000 in recurring annual expenses may require approximately \$1,000,000 or more in additional portfolio value to sustain long term. When spending rises during peak earning years, the long-term capital requirement rises with it.

Peak earning capacity is temporary. Lifestyle expansion is not.

Every raise, bonus, or larger RSU grant should trigger a structured review of your savings plan. Increased lifestyle spending not only raises the amount required to retire, it also reduces the amount being saved and invested. Over time, this drift can materially delay financial independence.

Make Every Dollar Do Its Job

Each dollar saved should be working hard for you. This means a combination of, capturing “free money”, maximizing tax efficiency, and investing appropriately for its time horizon

For Microsoft professionals, that often means prioritizing:

- Fully capturing the 401(k) match
- Maximizing the Health Savings Account if applicable
- Utilizing the Mega Backdoor Roth
- Participating in the ESPP strategically

These benefits are part of your compensation package. Used intentionally, they materially improve long-term outcomes.

Peak earning years are where these tools have their greatest impact.

RSUs Require Discipline

Restricted Stock Units are a powerful wealth-building tool, but they can quietly increase concentration risk.

RSUs are taxed as ordinary income at vest, regardless of whether you sell or hold the shares. Selling at vest is often tax neutral. This is why we recommend treating your RSU vest as a cash bonus. The proceeds can then be reinvested intentionally into a diversified portfolio or used to fund tax-advantaged opportunities.

Holding large vested balances increases exposure to company-specific risk. Your paycheck, unvested grants, and career are already tied to Microsoft.

One unintended benefit of holding RSUs has been that the funds remained invested rather than spent. The key is to maintain that discipline intentionally. Establish annual savings targets so that RSU proceeds are directed toward your plan, not absorbed into lifestyle expansion.

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Peak Years Are Peak Tax Years

These final high-income years are also your highest tax years.

Without structured planning:

- RSU withholding may fall short
- Capital gains may push you into higher brackets
- Deferred compensation elections may create elevated taxable income in early retirement.

With disciplined tax projections and intentional bracket management, it is not uncommon to reduce projected lifetime tax liability, as well as retirement health insurance costs, by several hundred thousand dollars.

Tax control during peak earning years creates flexibility later.

Bringing It Together

The stock market will fluctuate from year to year. Cash flow planning and tax strategy are variables you can directly control.

Mapping out a clear strategy during your peak earning years allows you to meaningfully influence your long-term financial trajectory.

Peak income does not guarantee peak outcomes. Structure does. These years only happen once. Make them count!

If you would like help reviewing your RSU discipline, concentration exposure, savings hierarchy, or tax positioning, we invite you to **schedule a review** with our team of Certified Financial Planners. team@stablerwm.com | (425) 646-6327 | www.stablerwealthmanagement.com

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