Microsoft Voluntary Retirement Program

Decision Checklist

Stabler Wealth Management | stablerwealthmanagement.com

The decision deadline is June 8, 2026. Use this checklist to organize your thinking and make sure the key planning areas are covered before you decide. Your actual offer documents are your source of truth for package specifics.

1. Do I Want This?

- ☐ I have thought about what I want my next chapter to look like: full retirement, consulting, career change, or a sabbatical before jumping back in.
- ☐ I have a clear picture of what I am retiring to, not just what I am leaving.
- ☐ I have considered how this decision affects my household and family.
- ☐ I have weighed the reality of staying: culture shifts, team changes, role security, and compensation uncertainty. "Stay and nothing changes" is not guaranteed.
- ☐ If I am not planning to fully retire, I have considered how severance and benefits bridge to my next move.

Our perspective: Even if you decide not to take the offer, this exercise has real value. Going through your full retirement analysis now positions you to optimize your final working years and hit the ground running whenever you do retire.

2. Do I Understand the Package?

Review your offer documents and confirm you understand each component. The figures below are illustrative and based on publicly available information. Individual packages vary by level, tenure, and age. Always verify against your personal offer documents.

- ☐ Cash severance: Generally 8 to 39 weeks of base pay depending on level and tenure, paid as a lump sum. Many found this less generous than expected. The real value of this package is often in the other components.
- ☐ Healthcare coverage: Up to five years of continued access. Year one is fully subsidized. Months 13 to 18 at COBRA rates. Months 19 to 60 at VRP Extended Healthcare rates. Ends early if Medicare eligible. We find this benefit more valuable than most people initially realize given the added flexibility to bridge to Medicare age.
- ☐ Stock vesting, Tier 1: Six months of continued vesting after departure (standard for all participants).
- ☐ Stock vesting, Tier 2: Twelve months of continued vesting for 25+ years of service (or within one year of it).
- ☐ Stock vesting, Tier 3: If you meet the 55/15 retirement threshold (or within one year, or age 64+), eligible grants continue on their original schedule. Grants must be more than one year old.
- ☐ Special Stock Awards (SSAs): SSAs may not qualify for VRO retirement vesting under the standard terms. Check each award agreement individually. This applies to both VRO and standard retirement.
- ☐ Key dates: June 8 election deadline. June 22 signing deadline. June 29 rescission deadline. July 1 last day of employment.

Always verify against your personal offer documents. Individual circumstances vary.

3. Can My Financial Plan Support It?

Gather these documents:

- ☐ Most recent tax returns (last 2 years)
- ☐ 401(k) and brokerage account statements
- ☐ Deferred compensation balance and payout schedule
- ☐ Current RSU vesting schedule and all stock award summaries at the lot level, both vested and unvested, including any Special Stock Awards (SSAs)
- ☐ Realistic estimate of monthly spending in retirement

Evaluate These Planning Areas

- ☐ Health insurance timeline: What will coverage cost each year from departure through Medicare at 65? Year one is covered. Years two through five require you to pay the premium. After that, you may need ACA marketplace coverage. Having a multi-year health insurance plan is essential.
- ☐ Income and MAGI management: Can your withdrawal strategy keep your tax return income (MAGI) below $85K during ACA years? This is your reported income on your tax return, not your actual cash flow or spending. One dollar over the cliff can increase annual premiums by $20,000 or more. This requires a year-by-year plan.
- ☐ Tax planning: How will the severance lump sum be taxed? What is the optimal withdrawal sequence across pre-tax, Roth, and taxable accounts? Are there Roth conversion opportunities in the years after departure?
- ☐ Portfolio alignment: Is your portfolio built for withdrawals, or still positioned for accumulation? This shift should happen before you leave, not after.
- ☐ Concentration risk: How much of your wealth is still tied to Microsoft stock? Employment, benefits, and equity all in one company is a real planning issue.
- ☐ Income sequencing: Which accounts do you draw from first, and in what order? The sequence matters as much as the total.

How we approach this: The Microsoft coverage years and ACA years need to be planned as one coordinated strategy. During the years you still have Microsoft healthcare access, there may be an opportunity to strategically realize taxable gains and build after-tax and tax-free reserves at favorable rates. Those reserves can then be deployed in subsequent ACA years to keep your tax return income (MAGI) below the subsidy threshold. In some cases, you may plan one "reload year" where you intentionally exceed the cliff to replenish those accounts, then return to subsidized coverage. This kind of year-by-year coordination is where the real savings are.

4. Does the Package Make It Worthwhile?

- ☐ Within 1 year of retiring or leaving: For many people in this group, the answer is yes. The package adds meaningfully to a timeline you were already working toward. Cash severance, healthcare bridge, and stock vesting provisions are a bonus on top of an existing plan.
- ☐ 2 to 3 years out: This is the most complex scenario. Your annual compensation likely exceeds the severance significantly, so the trade-off is real. Commonly, the best move is to hold on, especially if staying gets you to 55/15. But it is very situational. If your role feels unstable or you do not see yourself lasting, the certainty of the package may outweigh the risk of waiting.
- ☐ Several years from retirement: The package alone is likely not your retirement answer. But if you were not planning to stay at Microsoft until retirement or 55/15 anyway, this can be the catalyst for a career change, sabbatical, or lifestyle shift you were already considering.
- ☐ Does the package close gaps in my financial plan, or create new ones?
- ☐ What is the total value I am walking away from (unvested stock, future grants, employer contributions) versus what the package provides?
- ☐ Have I modeled the full picture: severance, stock vesting, healthcare, tax impact, and withdrawal strategy together, not in isolation?

Our perspective: This offer is generally a boost for people already making a change, not typically large enough to nudge someone out on its own. The cash component is modest relative to Microsoft compensation. The real value is in the healthcare bridge and stock vesting provisions. Most people underestimate the tax planning involved, and many do not realize there is a workable path for affordable healthcare after Microsoft. It just requires careful coordination.

5. Suggested Timeline

- ☐ **Now through May 23:** Gather documents, run your retirement plan, model the scenarios.
- ☐ **May 24 to May 30:** Review with an advisor. Ask questions. Sleep on it.
- ☐ **June 1 to June 8:** Make your decision with confidence.
- ☐ **June 8:** Election deadline.
- ☐ **June 22:** Separation agreement signing deadline.
- ☐ **June 29:** Last day to rescind.
- ☐ **July 1:** Last day of active employment.

If you are seriously considering the offer, start the review process now so there is enough time to evaluate your situation thoughtfully before June 8.