MICROSOFT
MONEY MOVES
YOUR MONTHLY GUIDE TO STRATEGIES FOR MAXIMIZING YOUR WEALTH AT MICROSOFT

SPECIAL EDITION: NAVIGATING THE VOLUNTARY EXIT OFFER

Should I Take the VEO? What We Are Seeing, and How to Decide

THE SHORT VERSION

- **We now have actual offer letters to review.** The reported terms hold: severance of 8 to 39 weeks of base pay, continued vesting, and an 18-month healthcare window.
- **The core financial terms are similar across a layoff, the spring VRP, and the VEO.** The differences that decide it are healthcare, unemployment, and who controls the timing.
- **Your stock treatment matters more than the headline number.** For those with 55 and 15 retirement eligibility, qualifying awards under your award agreements can carry far more value than the VEO's own vesting term.
- **The tax timing creates a real planning opportunity.** Offers point to a January severance payment, which would make it 2027 income.
- **Signatures are due December 9.** That is a short window for a decision this size, and it deserves a full review.

This week we hosted a webinar walking through the whole decision. The replay: **Should I Take the VEO?**

What we are seeing in actual offers

The reported terms have now shown up in real offer letters, with a few patterns worth knowing. The severance maxes out at 39 weeks of base pay, and because it accrues at roughly a week per six months of service at most levels, that cap arrives around ten years of tenure. Past that point, more years do not add more cash, so a 12-year and a 22-year employee can hold nearly identical severance offers.

The stock treatment varies the most between offers. Most show 6 months of continued vesting, stepping up to 12 months only at long tenure. For anyone who has reached 55 and 15, the retirement provisions in your award agreements allow qualifying awards to continue vesting on their own schedule, and in offers we have seen, that is worth many times the VEO's own vesting term. The reverse is also worth checking: if you are close to 55 and 15 but not there, leaving now means giving up that treatment, and that gap belongs in your math.

And a reminder that runs through everything: severance is calculated on base salary only, not total compensation. For most Microsoft professionals, 39 weeks of base is closer to four or five months of your real run rate.

Which bucket are you in?

Already planning to leave. If you were retiring or changing firms within the next year or two regardless, the VEO pays for a transition already underway. There is no guarantee a richer offer comes later; the spring program's five-year healthcare path has not returned.

Retirement is close, but the date was not set. This is most people we are talking with. The question is whether the package plus your portfolio support moving the date up. The most reliable way to decide is to run the numbers both ways before committing in either direction.

Counting on the income. If nothing is lined up and the paycheck matters, six weeks is a short runway for a job search, and staying may ultimately make more sense. Receiving an offer does not mean your role is going away.

The napkin math

If you think you are leaving either way, the offer changes what your remaining time pays. Take the VEO and you receive roughly nine months of base pay for no additional work. Decline, work another 18 months, and leave on your own, and you earn 18 months of pay but only about nine months more than the VEO would have paid you for not working. In that simplified view, the additional work earns roughly half pay. Two caveats: this is a base-pay comparison only, and the full version should include RSU vesting, bonus, the 401(k) match, healthcare, and taxes, which can move the answer meaningfully. The math also reverses if you planned to stay for years; then the offer is a fraction of what continuing to work earns. The purpose of the exercise is to understand the tradeoff you are actually weighing, which depends on your own timeline.

Health insurance if you accept

Microsoft covers the first six months after exit at no cost to you. Months seven through eighteen, you can stay on the plan through COBRA at your own cost. After that, the bridge to Medicare at 65 runs through a spouse's employer plan or an individual marketplace plan, where premiums follow your reported income (MAGI). Managing that number across the bridge years, when to sell stock, when deferred comp pays, how withdrawals are sequenced, is where proactive planning can make a meaningful difference. We work through this bridge with clients regularly.

Unemployment: do not count on it

Washington updated its rules in 2026 for workers who volunteer in an employer-initiated workforce reduction, but Microsoft has not called the VEO a layoff, and no determination has been made for this program. Our suggestion: do not build unemployment benefits into your base-case plan. Eligibility remains uncertain, the state decides case by case, and there is an appeal process, so

filing may still be worth considering for some. Confirm your own situation with the Employment Security Department.

2026 vs. 2027 tax planning

One notable feature of the VEO's timing: with a December 31 exit, offers point to the severance paying in January, which would make it 2027 income. The spring VRP stacked severance onto half a year of salary and made 2026 a very large tax year for many who took it. The VEO spreads the income: 2026 looks like a normal working year, and 2027 opens with the severance and, for some, continued vesting or deferred comp payouts. Two different years can mean two different brackets, withholding needs, and health premium pictures. Run a projection both ways before you sign, and treat strategies like capital gain harvesting or partial Roth conversions as items to weigh with your advisor and CPA for the lower-income years, not defaults.

Before December 9

- Read your offer letter closely: your severance weeks, your vesting schedule, and your payment date govern everything above
- Map which stock awards keep vesting and which stop, especially around 55 and 15
- If accepting, your final paychecks are the last chance at this year's 401(k) and Mega Backdoor Roth room; contributions cannot come from severance
- Run the 2026 versus 2027 tax projection, and check your deferred comp payout elections if you participate

The bottom line

The package itself does not determine whether accepting makes sense. The more important question is how the offer fits your retirement timeline, cash flow, healthcare bridge, stock compensation, and taxes, and that question has a different answer for every household. That is exactly what we assess in a complimentary VEO Decision Review: your offer letter, your healthcare bridge, your taxes both ways, and whether your plan is ready. We are setting aside time between now and December 9.

Schedule Your VEO Decision Review

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