

FOR LAID-OFF TECH WORKERS

The Tech Worker's Layoff *Playbook*

What to do with your equity, your visa, your 401(k), and your next 90 days — written by an engineering manager who also happens to be a fiduciary financial planner.

Dr. Adam Link, CFP®

Sr. Engineering Manager, Coinbase · Founder, Fireweed Capital

A NOTE FROM ADAM

If you just got the Zoom invite with no agenda.

I'm Adam. I'm a Senior Engineering Manager at Coinbase, a CFP, and the founder of Fireweed Capital — a fee-based fiduciary planning firm. I've shipped product at four companies that exited (one IPO), invested in nine more, and I've sat on both sides of the severance conversation — as the person getting the news and as the manager giving it.

This is not a sales funnel. This is the document I wish every engineer, PM, designer, and researcher had open in a browser tab the day their access got revoked.

245K

TECH LAYOFFS IN 2025

95K+

TECH LAYOFFS THROUGH Q1
'26

44%

OF 2026 CUTS EXPECTED TO
BE AI-DRIVEN

You are not alone, you are not behind, and — unlike a lot of the people reading generic layoff advice on LinkedIn — you probably have real assets to protect. RSUs vesting on the edge. ISOs with a 90-day exercise clock. A 401(k) with 6–7 figures in it. Possibly a visa status that just became time-sensitive. Possibly a chunk of net worth concentrated in employer stock that is down 40% from where it was last year.

Most of this you can handle yourself. A few of these decisions are irreversible and worth six figures over your lifetime. Those are the ones I want you to slow down on.

The next 60–90 days matter a lot. Let's do this right.

Adam

DR. ADAM LINK, CFP® · FIREWEED CAPITAL

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SECTION 1

The first 72 hours.

Most of the expensive mistakes happen before you've had time to think clearly. Here's the stop-the-bleeding list.

Do these now

- Download everything while you still have access.** Pay stubs (last 24 months), W-2s, 1099s, RSU vesting schedule, ISO/NSO grant documents, 401(k) statements, ESPP purchase history, benefits enrollment confirmations. If your laptop has been wiped already, email HR and request them in writing — you have the right to copies.

- Screenshot your equity dashboard.** Shareworks, Carta, Fidelity NetBenefits, E*TRADE, wherever your grants live. Vested, unvested, exercise prices, expiration dates. Before access is revoked.

- Read your severance packet — don't sign it.** If you're 40 or older, federal law gives you 21 days (often 45 for group layoffs) to consider and 7 days to revoke after signing. Use every day.

- File for unemployment the week you're separated.** Not when severance runs out — now. California, Washington, and New York each have separate rules; see Section 2.

- If you're on H-1B, O-1, L-1, or TN:** your 60-day clock starts on your last actual day of work, *not* when severance ends. Skip ahead to Section 4 before you do anything else.

- Don't exercise ISOs yet.** You have 90 days from termination before they convert to NSOs (losing the ISO tax treatment) — but exercising in a panic can create an AMT nightmare. See Section 3.

- Don't roll your 401(k) over.** Yet. Your old employer's plan is usually your best option for the first 90 days — and if you're 55+, rolling it will cost you the Rule of 55. See Section 6.

- Don't sell your ESPP or RSU shares in a panic.** Tax implications vary dramatically by lot. Wait until you understand them.

- Apply for a HELOC if you want one.** Banks underwrite on pay stubs. Apply before your last day.

- Extend COBRA paperwork to day 60.** You have 60 days to elect COBRA, and you can elect retroactively. Don't pay for a month of coverage you haven't needed. See Section 5.

THE SIGNATURE TRAP

Severance releases often waive claims you don't know you have. They can include non-disparagement clauses, broad non-solicitation, and — in some packages — waivers of vested equity accelerations you're entitled to under the grant agreement. If anything about the selection pattern feels off (disproportionately older workers, people close to vesting cliffs, people who just raised concerns), get an employment attorney to review before you sign. This is not our lane — but it's worth it. A good employment lawyer runs \$500–\$1,500 and can add \$10K–\$100K+ to your package.

SECTION 2

Severance & unemployment — state by state.

Tech severance packages are more negotiable than most people realize, and UI varies wildly by state. Remote work has made the second point matter more than ever.

Severance norms in tech, 2026

Industry baseline for a typical BigCo tech layoff in 2025–2026 has been **8–16 weeks of base pay**, sometimes with additional weeks per year of tenure. Outliers in both directions:

- **Block (Jan 2026):** 20 weeks base + 1 week per year of service.
- **Meta, Google, Microsoft 2025 rounds:** typically 16 weeks + 2 weeks/year of tenure.
- **Oracle (Sept 2025):** reported 1–2 weeks per year of service with a floor — on the lower end of industry.
- **Smaller startups:** often 4–8 weeks or less; highly variable.

What's often negotiable

- **RSU vesting acceleration** — especially if you're within 60 days of a vest date. Ask for pro-rata.
- **Extended ISO exercise window** — some employers will extend from 90 days to 12 months or longer as part of the package. Huge for ISO holders.
- **Pro-rata bonus** for the current year's earned-but-not-paid compensation.
- **COBRA subsidy** for 3–6 months (more on this in Section 5).
- **Outplacement services** (usually worth \$2–5K; occasionally substituted for cash).
- **Reference letters and agreed-upon talking points** about your departure.

The negotiation leverage you have is real but decays fast. The window is typically the 21–45 day review period — after you sign, the leverage is zero.

Unemployment across the states where tech workers live

STATE	2026 MAX WBA	DURATION	NOTES FOR TECH WORKERS
Washington	\$1,152/wk	26 weeks	Highest in U.S. No state income tax. Maximum total payout ~\$30K.
Massachusetts		30 weeks	

	\$1,105/wk (w/ dependents)		Longest duration. Dependency allowance adds up to \$282/wk.
New Jersey	\$905/wk	26 weeks	Recently raised.
New York	\$869/wk	26 weeks	Jumped from \$504 in Oct 2025 (FY26 budget). Big increase.
Colorado	\$781/wk	26 weeks	—
Texas	\$521/wk	26 weeks	No state income tax.
California	~\$450/wk	26 weeks	Surprisingly low cap. Not indexed to CA cost of living. 1-week waiting period.
Florida	\$275/wk	12 weeks	Weakest in the country for tech workers. Total max ~\$3,300.

You file in the state where you performed the work, not where your employer is headquartered. A remote employee in Austin working for a Menlo Park company files in Texas — which means the CA maximum doesn't apply. This became a much bigger deal post-2020.

SEVERANCE + UI INTERACTION

The rules vary meaningfully by state. In California, Washington, and Texas, severance is generally *not treated as wages* for UI purposes — meaning you can typically collect UI concurrently with severance payments. In New York, New Jersey, Minnesota, and many others, severance delays or reduces UI (sometimes dollar-for-dollar, sometimes allocated by week). In states that *do* offset, a lump sum and salary continuation usually produce the same total outcome — the lump sum is divided by your last weekly wage to determine weeks of ineligibility. Check your state's specific rule before electing, not after.

BEFORE YOU SIGN

The three most common severance negotiation wins are RSU acceleration, ISO exercise window extension, and an extra 4–8 weeks of salary. Each is worth real money, and the window closes when you sign.

If you're staring at a 21-day or 45-day review period, a quick call on what's worth negotiating is free and genuinely useful — even if you don't become a Fireweed client.

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SECTION 3

Your equity — the expensive part.

If you have meaningful tech equity, this section alone can save you more than everything else in this guide combined. Read slowly. The rules are specific and the deadlines are real.

Four kinds of equity that behave very differently at termination. Each has its own trap:

TYPE 1: RESTRICTED STOCK UNITS (RSUs)

You own what's vested. Unvested RSUs are gone.

At termination, any RSUs that have already vested are yours — they became taxable W-2 income at vesting, and the shares (or the net after tax-withholding sale) are sitting in your brokerage. **Anything unvested disappears on your last day**, unless your grant agreement or severance package specifies acceleration.

Action: Check your grant agreement for "double-trigger" or "change-of-control" accel. Review any pending vest date within 60–90 days; that's your strongest negotiation target for pro-rata acceleration in severance.

Tax note: vested RSU shares have a cost basis equal to the FMV on the vest date. Most brokerages report this correctly now, but double-check — "\$0 basis" errors are common and overstate your gain by 100%.

TYPE 2: INCENTIVE STOCK OPTIONS (ISOS)

The 90-day clock is the single highest-stakes deadline in this guide.

If you have vested ISOs, you have **90 days from your termination date to exercise them and keep their ISO tax treatment** (IRC §422). After day 90, they either expire or — if the plan allows — convert to NSOs with higher tax consequences. Some employers have extended this window in severance packages; ask.

Calculate before you act: $(\text{FMV} - \text{strike} \times \text{shares}) = \text{AMT preference income}$. If this number is large and your cash is tight, do NOT panic-exercise. AMT can create a tax bill larger than the shares are worth.

The cleanest scenarios:

- **ISOs deeply in the money, you have cash, you believe in the company long-term** → exercise and hold. Starts your 1-year holding clock for long-term capital gains treatment on top of the ISO clock.
- **ISOs in the money, you want liquidity now** → "exercise and sell same day" creates a disqualifying disposition (taxed as ordinary income) but avoids AMT. Often the right move.
- **ISOs underwater (strike > FMV)** → do nothing. Let them expire.
- **ISOs barely in the money, no cash** → cashless exercise if the broker supports it, or walk away.

TYPE 3: NON-QUALIFIED STOCK OPTIONS (NSOS / NQSOS)

Simpler tax treatment, same 90-day post-termination window at most plans.

Exercising NSOs creates ordinary W-2 income equal to $(\text{FMV} - \text{strike})$ on the exercise date. No AMT trap. Your employer will withhold taxes (often at the flat supplemental rate of 22%, which is frequently too low for tech comp). The same 90-day post-termination window typically applies, though plans vary.

Action: If NSOs are in the money and you want the shares, exercise before the window closes. If underwater, walk away. Check your plan document for the exact window — some run 30 days, most run 90.

TYPE 4: EMPLOYEE STOCK PURCHASE PLAN (ESPP)

Often forgotten. Occasionally lucrative.

If you contributed to an ESPP during the current offering period and your termination fell mid-period, your accumulated contributions are typically refunded to you in cash (no purchase). For shares already purchased in prior offering periods, you keep them, and the "qualifying" vs. "disqualifying" disposition rules still apply (2-year from offering start / 1-year from purchase).

Tax trap: disqualifying dispositions generate ordinary income on the discount portion, not capital gain. Most layoff-triggered sales are disqualifying – which is fine, but model it before selling.

THIS IS WORTH A REAL CONVERSATION

For most mid-to-senior tech workers, the equity decisions in the 90 days after termination are the single largest financial event of the year — often larger than the severance itself. Get them wrong and the tax bill arrives a year later with no way to fix it.

I've done the ISO/NSO/RSU math for plenty of tech folks going through this. 30 minutes is usually enough to get you out of the danger zone.

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SECTION 4

The visa clock. H-1B · O-1 · L-1 · TN

If you're on a work visa, the layoff isn't just a financial event — it's an immigration deadline. The rules are narrower than most people think, and they tightened in 2025.

The 60-day grace period, in plain English

USCIS grants a **discretionary** grace period of up to 60 consecutive calendar days — or until your I-94 expires, whichever is shorter — to workers in E-1, E-2, E-3, H-1B, H-1B1, L-1, O-1, and TN classifications after employment ends. During those 60 days you can:

- Find a new employer to file an H-1B transfer petition (you can start work as soon as USCIS receives the petition; premium processing is not required).
- File a change of status to F-1 (student), H-4 (spouse), B-2 (visitor), or another category.
- Prepare to depart the United States.

FOUR THINGS PEOPLE GET WRONG

- 1. The clock starts on your last actual day of work, not when severance ends.** Severance does not extend H-1B status. Neither does garden leave. Neither does being on the payroll while not working.
- 2. The 60 days is a ceiling, not a floor.** If your I-94 expires on day 35, your grace period ends on day 35.
- 3. It's discretionary.** In February 2025 USCIS expanded its authority to issue Notices to Appear when petitions are denied or status has lapsed. Immigration attorneys are reporting more NTAs during grace periods than in prior years — particularly for people with older prior entries or status histories. Don't wait out your 60 days.
- 4. You can't use it twice for the same petition.** If you quit, take 30 days off, and rejoin the same employer on the same petition, and then get laid off — no second grace period.

Your realistic paths

PATH	HOW IT WORKS	TIME PRESSURE
New H-1B sponsor	Transfer petition. You can start work the moment USCIS receives the filing. Premium processing (+\$2,965 as of March 2026) speeds approval but isn't required.	Highest. Need offer + filing within 60 days.
H-4 change of status		File before day 60.

If your spouse is on H-1B and maintaining status, you can file I-539 to switch to H-4. H-4 EAD available if spouse's I-140 is approved.

F-1 (student)	Enroll in a SEVP-certified program, get an I-20, file I-539. Day-1 CPT programs accept on short timelines but increasingly scrutinized.	Need admission + I-539 filed before day 60.
B-2 bridge	Visitor status buys you 6 months to wrap up affairs or prepare to depart. No work authorization. Increasingly scrutinized if it looks like "waiting out unemployment" rather than genuine visitor intent.	File I-539 before day 60.
O-1 (extraordinary ability)	Higher bar but increasingly popular. Best for senior engineers, researchers, and founders with strong publication, patent, or press records.	Typically 2–4 week prep + filing.
Depart & re-enter later	Clean departure stops your 6-year H-1B clock and preserves it for future use. If your I-140 is approved, the 6-year clock doesn't matter.	Before day 60.

If you're on F-1 OPT or STEM OPT

Different rules. You cannot accrue more than 90 days of unemployment during post-completion OPT, or 150 days total during a STEM OPT extension. The 60-day grace period for H-class workers does not apply to you. If you lose your job on OPT, your unemployment counter starts immediately.

FINANCIAL SIDE OF THE VISA CONVERSATION

If you hold meaningful equity (vested RSUs, exercised ISOs, a 401(k) balance) and are weighing departure, the tax and timing questions get complex fast. A 401(k) rolled to an IRA in the U.S. while you're abroad is administratively messy. Selling RSU shares as a non-resident alien has different treaty implications than as a resident. These are solvable — but they need to be planned, not discovered at tax time next year.

GET AN IMMIGRATION ATTORNEY

Financial planning is my lane; immigration is not. For visa decisions, please talk to an immigration attorney — not a Reddit thread, not a Blind post, and not me. I'm happy to coordinate on the financial side (equity, retirement accounts, tax residency) alongside whatever path your attorney recommends.

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SECTION 5

Health insurance — faster than most people realize.

Tech workers often overpay for health coverage post-layoff because they default to COBRA reflexively. In most cases there's a better option within a few clicks.

Your four options

OPTION	WHO IT'S BEST FOR	COST SIGNAL
COBRA (subsidized)	Your severance includes 3–6 months of paid COBRA. Take it.	\$0 to you during subsidy period.
COBRA (self-pay)	Pregnancy, active cancer treatment, other reasons you absolutely cannot change plans mid-care.	\$700–\$2,500+/month. You pay 102% of full premium (through month 18; disability extension months 19–29 are 150%).
Marketplace (ACA)	Almost everyone else. 60-day Special Enrollment Period triggered by job loss.	Depends on household income. See subsidy note below.
Spouse's plan	If your spouse has employer coverage, your layoff triggers a 30-day HIPAA special enrollment window on their plan.	Usually cheapest if available.

COBRA'S HIDDEN FEATURE

You have **60 days to elect COBRA retroactively**. Meaning: if you lose coverage on the 1st and nothing medical happens in the first 45 days, you don't need to pay for those 45 days. If something does happen on day 44, you can elect COBRA on day 45 and the coverage will retroactively pay the claim. Treat COBRA as catastrophic insurance during the election window — don't pay for months you didn't need.

Why the ACA math changed in 2026

The enhanced premium tax credits that ran 2021–2025 expired December 31, 2025. The "subsidy cliff" at 400% of the federal poverty line is back. For tech workers, this matters because:

- Large severance in January–March can push your projected MAGI over 400% FPL and disqualify you from subsidies for the whole year.
- If you're going to have a low-income year — no RTO bonus, minimal new W-2 income, severance already received — you may qualify for substantial subsidies you wouldn't get in a normal year.

- The math is sensitive to Roth conversions, RSU sales, and capital gains harvesting. These interact.

HSA — don't lose sight of it

If you had an HSA through your employer, it's portable. The money is yours. Roll it to Fidelity, Lively, or another HSA custodian with lower fees and better investment options. Don't cash it out unless you're desperate — HSAs are arguably the best tax vehicle in the U.S. code (triple tax-free).

SECTION 6

Your 401(k) — don't rush.

The worst 401(k) decisions in a layoff are the ones made in week one, usually driven by a rollover IRA pitch from a retail broker or by the false assumption that the old plan will disappear.

Your four choices, ranked

↑ OPTION 1: LEAVE IT IN THE PLAN

Almost always the default-good answer for the first 90 days. Preserves the Rule of 55 if you're 55+. Institutional pricing on funds. No rush to decide.

↑ OPTION 2: ROLL TO NEW EMPLOYER'S PLAN

Once you have a new job with a decent 401(k), rolling in consolidates accounts. Preserves Rule of 55 if you separate from the new employer at 55+.

↓ OPTION 3: ROLL TO AN IRA

Marketed hardest. Usually worst. Kills Rule of 55. Loses federal ERISA creditor protection. Enables Roth conversions (fine) but also enables backdoor Roth problems (pro-rata rule) if you had a traditional IRA balance.

↓ OPTION 4: CASH OUT

Mandatory 20% federal withholding + state + 10% penalty if under 59½. A \$200K balance at age 38 in California nets ~\$110K. Never do this.

The Rule of 55 — if you're 55 or older

If you separate from service in or after the calendar year you turn 55, you can take distributions from **that employer's 401(k)** without the 10% early-withdrawal penalty. Ordinary tax still applies. The rule disappears the moment you roll to an IRA.

Rolling a 401(k) to an IRA the week after your layoff, when you're 55 or older, is the single most expensive "quick fix" in tech layoff season.

On a \$1.2M balance where you need \$120K/year to bridge 4 years until other income starts: leaving it in the plan saves roughly **\$48,000 in penalties** vs. rolling to an IRA first. The work to preserve Rule of 55 is zero — it's the work of *not doing* something.

The backdoor Roth wrinkle

If you're a high earner doing an annual backdoor Roth, be careful about rolling pre-tax 401(k) money to a traditional IRA. The **pro-rata rule** means IRS aggregates all your traditional IRA balances when calculating the tax on a Roth conversion. Rolling in a \$500K pre-tax 401(k) effectively blocks clean backdoor Roths going forward. For HCEs, keeping 401(k) money in a 401(k) (old or new) preserves the backdoor lane.

Mega backdoor Roth — a post-layoff note

If your old plan had mega backdoor Roth (after-tax contributions with in-plan conversion), check whether you've maxed it for the year. The 2026 §415(c) total contribution limit is **\$72,000** (\$80,000 with the age 50+ catch-up; \$83,250 if you're 60–63 and eligible for the SECURE 2.0 super catch-up). Many tech employees leave this unfunded. The clock closes at year-end — or at plan termination if your employer terminates the plan. Worth coordinating with severance timing.

SECURE 2.0 mandatory Roth catch-up — new for 2026

If your prior-year FICA wages with the sponsoring employer exceeded **\$150,000**, your age 50+ catch-up (\$8,000 base) and 60–63 super catch-up (\$11,250) contributions **must** be made as Roth in 2026. This is not optional anymore. Nearly every reader of this guide is affected.

What this means in a layoff: if you're 50+ and your old plan let you contribute catch-up dollars pre-tax in 2025, that lane is gone at your next employer. If you're mid-career and re-evaluating rollover destinations, this also affects whether a new 401(k) even supports Roth catch-up (plans had a 2026 transition deadline to add the feature; not all have).

THE DECISION WORTH SLOWING DOWN FOR

If you're 55+, or you do backdoor Roth, or your old plan has a mega backdoor feature, the rollover decision is a six-figure one. It's also completely reversible if you don't roll. It's irreversible if you do.

Happy to walk through your specific plan documents before you make any moves. This is the conversation I wish more tech workers were having *before* week two.

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SECTION 7

Concentration risk — the elephant.

Most laid-off tech workers have 30–70% of their net worth in employer stock. This is the single largest financial risk in tech comp, and it doesn't go away just because you're no longer employed there.

The math nobody wants to see

A typical mid-career tech worker at a public company with five years of tenure:

- 401(k): \$350K, 60% of which is company stock fund
- Taxable brokerage: \$400K, primarily accumulated vested RSU shares
- ESPP: \$60K, company stock
- Unexercised ISOs: \$250K potential value
- Other savings: \$100K diversified

Net worth on paper: \$1.16M. Amount tied to employer's stock price: **\$870K (75%)**. This is the same company that just laid them off. If the layoff signals broader trouble and the stock drops 40%, they lose \$348K while also losing their paycheck. This happens every cycle to a predictable fraction of tech workers.

The behavioral trap

Selling employer stock after a layoff feels disloyal. It feels like betting against the team. It feels like "selling at the bottom." None of these feelings are useful as financial inputs.

The right question is not "do I believe in the company?" It is: "**If I had this much cash right now, would I buy this much of this single stock?**" For almost everyone, the honest answer is no. That's the concentration you should target.

The employer you just left does not care how loyal your portfolio is.

Diversifying without blowing up your tax bill

In a layoff year, several tools become unusually useful:

- **Long-term capital gains at 0%.** 2026 rates tax LTCG at 0% up to \$49,450 taxable income (single) / \$98,900 (MFJ). A low-income layoff year creates real room to sell appreciated employer shares tax-free.

- **Loss harvesting on underwater lots.** Specific-lot identification lets you sell losing ESPP or RSU lots while keeping winners. Losses offset gains dollar-for-dollar plus \$3,000/year against ordinary income, with unlimited carryforward.
- **Net Unrealized Appreciation (NUA).** If your 401(k) holds employer stock, a special rule lets you distribute the shares in-kind and pay ordinary income only on the *cost basis*, then long-term capital gains on the appreciation when you sell. For people with large employer-stock 401(k) balances, this can save six figures. Requires a "lump-sum distribution" in a single tax year — once you roll to an IRA, NUA is gone forever.
- **Stagger sales across tax years.** If your layoff is late in the year, half the concentration reduction in December, half in January spreads the tax impact across two brackets.

NUA IS POWERFUL AND IRREVERSIBLE

If your 401(k) contains a meaningful amount of employer stock and you're considering a rollover, stop and check NUA eligibility first. The rule is: take the employer stock as a distribution into a taxable brokerage, roll the rest (non-employer funds) to an IRA, all as part of a single "lump sum distribution" in one tax year. Pay ordinary income tax now on the cost basis of the shares, then long-term capital gains on the appreciation whenever you sell. You can never do NUA after you've done a traditional rollover. For employees with \$200K+ in appreciated employer stock inside a 401(k), this routinely beats a straight rollover by \$50K–\$200K.

SECTION 8

The tax windows most people miss.

A layoff year is usually the lowest-income year of your working life. That's a gift if you know where to look.

Roth conversions

You voluntarily move money from a traditional 401(k) or IRA into a Roth. Pay ordinary income tax on the amount moved *now*; it grows tax-free forever and comes out tax-free in retirement. In your layoff year, you can often fill up the 12% and 22% brackets at a rate you will never see again once you're back at \$350K–\$500K TC.

2026 federal brackets, married filing jointly:

RATE	MFJ RANGE	SINGLE RANGE
10%	\$0 – \$24,800	\$0 – \$12,400
12%	\$24,801 – \$100,800	\$12,401 – \$50,400
22%	\$100,801 – \$211,400	\$50,401 – \$105,700
24%	\$211,401 – \$403,550	\$105,701 – \$201,775

A married couple earning \$180K for Jan–Apr, taking \$80K in severance, and no other income for the year: about \$260K of gross income, ~\$228K after standard deduction. They're at the top of the 22% bracket. They can convert up to another \$175K at 24% — cheap compared to the 32% or 35% marginal rate they'll be back in next year.

ACA SUBSIDY CLIFF COORDINATION

If you're on marketplace health coverage, every dollar of Roth conversion raises your MAGI. With the 2026 subsidy cliff back, crossing 400% FPL can cost \$10K–\$25K of subsidy. Conversions must be sized to land you *under* the cliff or *clearly over* with no subsidy to begin with — the dead zone around the cliff is expensive.

QSBS (Section 1202) — if you have startup equity

If your employer was a C-corporation and your shares qualify, you may be eligible for **Qualified Small Business Stock** treatment — a partial-to-full exclusion of capital gains from federal tax. The One Big Beautiful Bill Act (July 2025) materially expanded QSBS for stock issued after July 4, 2025.

FEATURE	STOCK ISSUED ≤ JULY 4, 2025	STOCK ISSUED AFTER JULY 4, 2025
Gross-asset threshold at issuance	\$50M	\$75M
Per-issuer exclusion cap	\$10M (or 10× basis)	\$15M (or 10× basis); indexed from 2027
Holding period for full exclusion	5 years (100%)	5 years (100%)
Partial exclusions	None	3 years (50%), 4 years (75%)

Two things matter for this audience:

- Pre-July 5, 2025 stock stays under the old regime — there is **no upgrade path**. The question is what your shares were at issuance, not today.
- The unexcluded portion of 3- and 4-year partial exclusions is taxed at **28%** (the Section 1202 rate), not 15/20% regular LTCG rates.

If you held early-employee ISOs or RSAs at a now-public or still-private startup, this is worth real diligence. Most tech workers don't check. If it applies, it's the single largest individual tax benefit in the code.

Loss harvesting

In a down market — which we've had on and off through 2025 — many tech workers have lots with losses sitting in taxable brokerage accounts. Harvesting them does three things:

- Offsets realized gains from RSU or ESPP sales dollar-for-dollar.
- Offsets up to \$3,000 of ordinary income per year.
- Creates unlimited carryforward losses for future years.

The 30-day wash-sale rule applies — if you sell at a loss and buy "substantially identical" securities within 30 days before or after, the loss is disallowed. ETFs and index funds give you plenty of room to maintain market exposure without triggering a wash sale.

Timing of severance

If you have any control over when severance is paid (December vs. January), model both. A large December check can push you into a higher bracket for the whole year; the same check in January starts a fresh, much lower-income year.

THE ANNUAL PLANNING CALL

Tax planning in a layoff year rewards attention. Roth conversions, NUA elections, QSBS verification, and loss harvesting all interact — and all have December 31 deadlines.

This is one of the planning conversations I enjoy most. If you're in transition, October–November is the right time to run the numbers together.

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SECTION 9

The re-employment market, honestly.

This section is the one your recruiter friend won't write. 2026 is not 2021. Plan accordingly.

What's different this cycle

Three things have changed meaningfully since the 2022–2023 rounds:

1. **AI is eliminating specific job categories, not just trimming headcount.** Mid-level engineering, tier-1 support, entry-level content, SDR roles, even some analyst positions. If your job was "write code from a detailed spec" or "review contracts against a template," the demand function for that labor has changed. That doesn't mean you personally are obsolete; it means the specific role you held may not come back at the same title.
2. **Time-to-rehire has roughly doubled vs. 2022.** What took 6–10 weeks in late 2022 is taking 3–5 months in 2025–2026. Budget your severance runway accordingly.
3. **TC has compressed in some bands.** Mid-level total comp offers are often 15–25% below equivalent 2021 peak numbers. Senior and staff-level offers have held up better but still below peak. Your "old number" is not your market number in 2026.

What actually works

- **Former coworkers, current hiring managers.** ~60% of successful post-layoff searches in tech start with "someone I worked with at a prior company." Not LinkedIn Easy Apply.
- **Niche communities.** Rands Slack, specific subreddits, company-specific Discords for your function. Where real job postings actually get shared first.
- **Being specific about what you want.** "Open to opportunities" performs worse than "Staff+ backend role at a Series B–C SaaS company in the Bay or remote, ideally infra-adjacent." Narrow makes you findable; broad makes you invisible.
- **Short-form content in your domain.** Posts, talks, blog posts, OSS contributions. Moves recruiters from cold to warm before they reach out.
- **Founder/consulting as a real option.** Especially if you have 6+ months runway. Tech workers routinely dismiss starting something because the downside "would be catastrophic" — except they already have a year of severance+savings+RSUs giving them exactly the runway an angel investor would fund them with.

The runway math you should actually do

Before you panic-accept the first offer at a 30% pay cut:

- Severance (gross) + vested RSU cash value at today's price + taxable savings + 401(k) *available* amount (Rule of 55 or 72(t) if eligible)
- Minus: federal + state tax on severance and RSU sales
- Divided by: your actual monthly burn (not your maximum possible burn)

Most senior tech workers have 9–24 months of real runway. That's enough to interview patiently, not accept the first offer, and use the gap year deliberately. It's also enough to do a proper Roth conversion, an NUA election, and a disciplined diversification without running out of cash.

If you have 12+ months of runway and you take the first offer in week three out of fear, you have spent \$100K+ of psychological margin on anxiety. The market doesn't reward that.

SECTION 10

The one-page action list.

WEEK 1

- Download everything from company systems while you still have access
- Screenshot equity dashboards (Shareworks, Carta, E*TRADE, Fidelity)
- File for unemployment in the state where you worked
- If H-1B / O-1 / L-1 / TN: contact immigration attorney THIS WEEK, not day 30
- Read severance packet — identify negotiation targets (don't sign yet)
- Apply for HELOC if you want one (before last day of employment)

WEEKS 2-3

- Negotiate severance: RSU acceleration, ISO window extension, extra weeks, COBRA subsidy
- Calculate ISO exercise decision — do the AMT math, don't panic-exercise
- Health insurance: elect COBRA (or not) — remember the 60-day retroactive window
- Call 401(k) plan administrator: confirm partial withdrawals allowed, Rule of 55 status
- Update tax withholding projections for the year

MONTH 1-2

- Execute or let lapse ISOs before day 90
- Sell or hold post-termination equity decisions (concentration risk)
- Rollover decisions on 401(k), HSA, ESPP — but not until week 8+ at earliest
- Check QSBS eligibility on any startup stock
- If on H-1B: transfer, change of status, or departure — executed, not pending

MONTHS 3-6

- Evaluate NUA if 401(k) holds employer stock
- Size Roth conversion for the year (coordinate with ACA MAGI if on marketplace)

- Harvest capital losses / gains to zero-out taxable portfolio in 0% LTCG bracket room
- Refresh runway math; recalibrate job search urgency based on real numbers
- Revisit concentration target on employer stock — at least monthly

BY DECEMBER 31

- Roth conversion completed (deadline is calendar-year, not tax-filing)
- NUA election finalized (if doing)
- Mega backdoor Roth finalized in old or new plan (if available)
- Charitable giving coordinated with bracket math (DAF, QCD if 70½+)
- Estimated tax payment #4 filed if needed to avoid underpayment penalty

The week-one mistakes are the ones that compound. The week-twelve decisions are the ones that create value. Slow down enough to tell the difference.

ONE MORE THING

About Fireweed, and why this guide exists.

Fireweed Capital is a fee-based fiduciary financial planning firm built for mass-affluent tech professionals. No commissions. No product sales. No insurance pushing. No asset-minimum gate for the initial conversation.

The firm was founded by Dr. Adam Link, CFP® — a Senior Engineering Manager at Coinbase, a Certified Financial Planner, and the author of four books on investing and personal finance. Adam built Fireweed specifically to work with engineers, PMs, designers, and founders because the default financial-advice industry is terrible at this audience. Most advisors don't understand equity comp, don't understand AMT, don't understand QSBS, have never looked at a stock plan document, and have no idea why you'd care about the pro-rata rule.

The reason this guide exists is simple. Every tech layoff cycle, the same five or six expensive mistakes happen to smart people who had no reason to know the rules. Rolling a 401(k) the week after separation and losing Rule of 55. Panic-exercising ISOs into an AMT trap. Signing a severance release with a 21-day window already half-burned. Missing the 60-day H-1B clock. Defaulting to COBRA when the ACA marketplace is 70% cheaper. Skipping the NUA election that would have saved \$80K.

Most of this you can do yourself. A few decisions deserve a second set of eyes. I'd rather spend an hour with you making sure you get those right than watch another engineer learn them the hard way.

A free *layoff triage* call.

30 minutes. No sales pitch. We'll walk through your situation — severance, equity, visa, retirement accounts, runway — and I'll tell you what's urgent, what can wait, and what you're potentially leaving on the table. If we're a good fit for ongoing work, we'll talk about that at the end. If not, you'll leave with a clearer map and no hard feelings.

That's the offer.

fireweedcapital.com/book · adam@fireweedcapital.com

Dr. Adam Link, CFP®

Founder & Managing Director, Fireweed Capital

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