Chapter 3
Taxation of Employee Stock Options, Restricted Stock, and Stock Appreciation Rights

A. Introduction ................................................. 57
B. Tax Aspects of Nonqualified Stock Options ................. 58
C. Taxation at the Date of Grant ................................ 60
D. Taxation at the Exercise Date ................................ 60
E. Marital Property Settlements and Nonstatutory Stock Options ..... 62
F. Tax Aspects of Incentive Stock Options ...................... 66
G. Marital Property Settlements and Incentive Stock Options ...... 69
H. Alternative Minimum Tax .................................... 70
I. Tax Aspects of Stock Appreciation Rights ................... 70
J. Tax Aspects of Restricted Stock ............................. 71
K. The I.R.C. § 83(b) Election ................................ 72
L. Taxation and the Immediate Offset .......................... 73
M. Summary and Conclusion .................................. 75

Chapter 4
Deferred Distribution v. Immediate Offset Approaches to Dividing Employee Stock Options*

A. Immediate Offset Approach .................................. 78
B. Are Option Pricing Models Overly Speculative to Be Used for Equitable Distribution? ................. 82
C. Deferred Distribution Approach ............................. 83
D. Advantages and Disadvantages ............................... 85
E. Summary and Conclusion .................................. 87

Chapter 5
Stock Options as Income for Child Support and Alimony ............... 97

A. Introduction ................................................. 97
B. When Are Employee Stock Options Part of Gross Income? ....... 98
C. Review of Court Decisions .................................. 100
D. The Constructive Trust ....................................... 104
E. Using Employee Stock Options as Property and Income .......... 107
F. Alimony and Spousal Maintenance ............................. 108
G. Property Settlement Agreements ............................. 109
H. OTHER SPECIAL CIRCUMSTANCES ............................................. 110
I. SUMMARY AND CONCLUSION ..................................................... 111
NOTES ............................................................................................. 112
APPENDIX 5-A: NATIONWIDE COURT DECISIONS ON STOCK OPTIONS AS
INCOME FOR CHILD SUPPORT PURPOSES ....................................... 114
APPENDIX 5-B: NATIONWIDE COURT DECISIONS ON STOCK OPTIONS AS
INCOME FOR ALIMONY AND SPOUSAL MAINTENANCE ....................... 117

Index ............................................................................................. 119