RSU Grants

Assume Employee #3 receives:

- 10,000 RSUs
- 25% vest annually over four years

After two years:

- 5,000 RSUs are vested
- Oura is still a private company

What Happens before IPO?

- The employee does not own the shares but has vested units.
- The employee does not owe taxes yet.
- The vested RSUs remain outstanding until the second trigger occurs.

What Happens at IPO?

Suppose Oura completes its IPO.
The liquidity event satisfies the second trigger.
At that point:

Vested RSUs
The already vested RSUs generally become eligible to settle into shares.

However, many companies delay settlement until:
- IPO date
- Lockup expiration
- A specified post-IPO date

The exact timing is disclosed in the RSU agreement and S-1.

Tax Consequence

This is where employees are often surprised.

When RSUs settle into shares:
- The value of the shares is taxed as ordinary income.
- Payroll taxes apply.
- Federal and state income taxes apply.

Example

Assume:
- 5,000 vested RSUs
- IPO price = $40/share

Value delivered:
$200,000
Generally, the entire amount becomes W-2 income in the year the shares are delivered.

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