LEADERS IN TRANSITION · OFFER STAGE

Negotiate Your Sign-On Like a Headhunter

> *Not financial, tax, or legal advice. General guidance for negotiation preparation only. Equity, bonus, and tax outcomes depend on your grants, jurisdiction, and your employer's plan documents. Confirm every figure with your equity administrator and consult your own advisors before you negotiate.*

When you join a company there is often room to negotiate a sign-on bonus — but it isn't a number you pluck from the air. A well-justified ask is built from two things you're leaving on the table: accrued on-target bonus, plus vesting equity within a defined window. The companion *Sign-On Calculator* does the math.

The formula

Total Sign-On Ask = Accrued On-Target Bonus left behind + Vesting Equity left behind (within the window the new employer will cover).

> **Read this first — it's a justification, not an entitlement.** A sign-on is *negotiated*, not *owed*. The figures below don't represent money the new employer has any obligation to pay — they're the evidence you use to justify the ask. Most short-term bonuses are discretionary and forfeited when you leave voluntarily; equity make-whole is shrinking and varies by employer. Use these numbers to build a credible, defensible case — then expect to meet in the middle. Anchoring on them as a debt you're owed reads as naïve and weakens you.

1. Accrued on-target bonus

How it accrues. Short-term bonuses are earned over a period and paid on a set date — typically Jan–Dec earning, payout at the end of Q1 the following year. If you leave mid-year, you walk away from the bonus you've already 'banked.' A good headhunter makes that case to the hiring company.

Note: simple monthly accrual is the cleanest way to frame the ask, but check your plan — some bonuses are weighted to year-end, gated on milestones, or fully discretionary. Use the linear figure as your opening justification, not a guaranteed entitlement.

Example — Natasha's annual bonus is $96k (earned Jan–Dec). She starts a new role June 1. Monthly accrual = $96k / 12 = $8k. Six months banked = a reasonable ask of $48,000. A strong starting point, not a guarantee.

2. Equity

What gets covered. Companies differ on how they make you whole. Over the last two years both the percentage covered and the window have shrunk — from 100% to 50%, and from 12 months of vesting to as little as 6. Nine months is now the industry average. A sign-on covers only the VESTED equity arriving inside that window.

A note on pre-IPO equity. Companies typically will NOT compensate for pre-IPO equity — they can't verify its value and you can't guarantee a buyout. It is effectively worth zero until a sale.

How to value it. Log in to your equity administrator, find each grant, and expand it to see grant date, vest date, and value at today's price. Sum the grants vesting in the next nine months — that's your equity ask.

Grant	Vest date	Qty	Type	Price	Value	In 9-mo window?
Grant 1	22 May 2024	1,000	RSU	$43	$43,000	Yes
Grant 2	22 May 2025	1,000	RSU	$43	$43,000	No

Vesting within 9 months = Grant 1 = $43,000. Total sign-on ask = accrued bonus ($48,000) + vesting equity ($43,000) = $91,000.

> **Be prepared, though:** an employer may offer 50% of equity and back-load the rest with their own stock — here, $21,500, bringing the total to ~$69,500. The full figure is your *opening justification*; the covered figure is the realistic outcome.

3. Options & PSUs

How they differ from RSUs. A PSU/option carries a strike price. On vesting, you net the DIFFERENCE between strike and the stock price at sale. If the share price is below strike, the units are 'underwater' and worth zero. When the market is compressed, options granted at an artificially low strike can become extremely lucrative as the market recovers — though none of that is guaranteed.

Grant	Qty	Type	Strike	Price at sale	Difference	Value
Grant 1	10,000	PSU/Option	$43	$44	+$1	$10,000
Grant 2	10,000	PSU/Option	$43	$42	−$1	$0 (underwater)
Grant 3	10,000	PSU/Option	$2	$88	+$86	$860,000

Negotiating an offer right now? Phase 3 Search runs these numbers with candidates every week — and we know what each company has actually paid in sign-on, because we negotiated it. If you're weighing an offer and want a headhunter's read, reach out. **Talk to Phase 3 → ph3.bio/contact**

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