



PLATINUM POINT
FINANCIAL

Amazon Employee Playbook:

Managing Your Pay, Perks, and Planning

A Practical Guide for Amazon Professionals

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Charlie Burguières and David Holloway are Financial Planners with LPL and offer securities and investment advisory services through LPL Enterprise (LPLE), a Registered Investment Advisor, Member FINRA/SIPC, and an affiliate of LPL Financial.

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Table of Contents

1. Introduction
2. Amazon Retirement Plan
 - 401k Plan
 - After Tax Account
3. Amazon Restricted Stock Units
 - What are RSUs?
 - Our Insights
4. Amazon Insurance Options
 - Health Savings Account
 - Flexible Savings Account
 - Life Insurance
 - Disability Insurance
5. Conclusion

Amazon Employee Benefits:

How to align your benefits with your life

Introduction

A career at Amazon can be financially rewarding and provides unique benefits. As an Amazon employee you have access to significant employee benefits that create a need to navigate complex tax and retirement planning. This e-book outlines your employee benefits, how to leverage them and our planning insights.

At [Platinum Point Financial](#) our practice focuses on the unique planning needs of tech professionals. Our service model caters to the busy lives of professionals with a goal of giving you more time back to focus on your career and family. With a combined 25 years of experience we have provided financial guidance to many tech executives, professionals and their families.



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Chapter 2: Amazon Retirement Plan

Amazon 401k

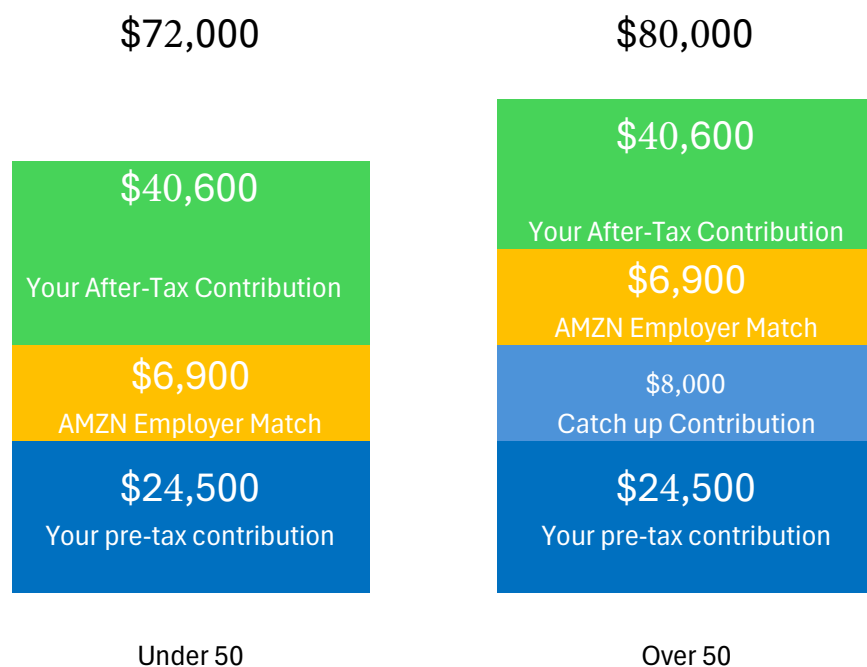
1. Contributions – Amazon offers both pretax and Roth 401k option
 - Pre-Tax Contribution
 1. Your contribution to your 401k will come out before being taxed thus reducing your taxable income for the year.
 2. Your earnings and contribution will all be taxed when you withdraw the money after the age of 59 ½
 3. You can contribute up to the IRS limit for the given year.
 - Roth 401k Contribution
 1. Your contribution to your Roth 401k will come out after paying taxes, this will not reduce your taxes in the current year but the earnings and contribution will grow tax free for the rest of your life.
 2. Qualified withdrawals from the Roth 401k are tax free after the age of 59 ½
 3. You can contribute up to the IRS limit for the given year.
2. Matching – Amazon provides a match to your 401k as long as you contribute
 - Amazon will match 50% of every dollar you contribute up to 4% of your pay
 - You will be full vested after 3 years of vesting service (defined as 1000 hours of service in a calendar year)

3. After-Tax Account (Mega Backdoor Roth)

- The limit for total 401k contributions in 2025 is \$72,000 (not including catch-up). This means you can put an additional \$46,500 into your Amazon 401k.
- Once you set up the after-tax account the next step is to convert the after-tax contributions to the Roth 401k side so your earnings will also grow tax free.
- See the table below for an example

2025 IRS 401(k) Limits

Examples are based on an Amazon employee who earns an annual salary of \$345,000 and the full employer match of \$6,900



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Chapter 3: Restricted Stock Units

What are Restricted Stock Units (RSUs)

- RSUs are a form of employee compensation that rewards long-term engagement by granting shares through a vesting schedule
- Once vested, they are taxed as income, and employees can sell or retain the shares potentially benefiting from capital gains.

Vesting Schedule:

- Year One – 5% will vest at the end of year one
- Year Two – 15% will vest at the end of year two
- Year Three – 20% will vest at the 6-month mark, followed by another 20% at the 12-month mark for a total of 40%.
- Year Four – Has the same vesting schedule as year three.

Taxation of RSUs

- **Taxation at Vesting** – When RSUs vest they are taxed as ordinary income based on the stock's fair market value at the time. Amazon will typically withhold a portion of the shares to cover this tax liability.
- **Tax Treatment Upon Sale** - When you sell your vested RSUs, any profit (the difference between the sale price and the vesting price) is subject to capital gains tax. If sold within a year, it is taxed as short-term capital gains, equivalent to ordinary income. If held for over a year, long-term capital gains rates apply, which are generally lower.
- **Double Taxation Concern** - RSUs are often subject to what's referred to as "double taxation." First, you are taxed when the RSUs vest as ordinary income. Later, if you sell the shares for a profit, you pay capital gains tax on the increase in value from the vesting date to the sale date.

Insight:

Think of RSUs as part of your salary from Amazon and treat them as cash flow in your financial plan. You can leverage the sale of the RSUs to help max out the after-tax account (Tax free money vs taxable).

Selling a portion or all your RSUs will provide the cash flow and income to help with your financial goals (college savings, vacations, taxable investment account, etc.)

If you have RSUs from years ago with a very low cost basis and are charitably inclined you can open a donor advised fund or give some of the stock directly to a charity that you support.

The most important thing is to ensure you have a plan for the RSUs. Holding just because you hope the stock continues to rise is not a planning strategy. Working with an advisor to define what your goals are and more importantly having a strategy will each tranche of RSUs can manage the risk in your overall investment portfolio, mitigate taxes and seek to ensure you are pursuing all your financial goals.

Chapter 4: Amazon Insurance Options

Health Savings Account

1. Amazon employees are offered several types of traditional health plans that include vision & dental.
2. A Health Savings Account (HSA) is available if you are enrolled in a high-deductible health plan (HDHP).
3. The HSA is a triple tax-advantaged account, offering pre-tax contributions, tax-deferred growth, and tax-free withdrawals as long as they are used for qualified medical expenses. The 2025 limit for individuals is \$4,300 and \$8,550 for families. Amazon contributes \$500 per person up to a \$4,500 maximum. There are no limits on what can be rolled over year to year in the HSA.

Flexible Spending Account

1. A Flexible Spending Account (FSA) is offered as well and is a pre-tax benefit account that allows employees to set aside money for qualified medical expenses.
2. A key difference to the HSA is that you do not need to be enrolled into a HDHP to utilize the FSA. An FSA is also not as tax-advantaged as an HSA.
3. Amazon employees can contribute \$3,300 for 2025 for any out-of-pocket medical expenses. If you are expecting a large expense for the year, this can be a great tool to take advantage of. Keep in mind, you can only roll over \$660 of unused funds in the FSA in the following year.

Life Insurance

- Amazon currently provides twice your annual base salary for Basic Life and AD&D Insurance at no cost to you.
- You can buy supplemental life insurance coverage for yourself, payable to your designated beneficiaries if you die, in the amount of 1-10 times your base annual earnings, up to \$2,000,000.
- You can buy life insurance to cover your spouse/domestic partner in amounts of \$25,000 or half to five times your base annual salary, up to \$250,000 not to exceed 100% of your total amount of life insurance (basic and supplemental).
- You can buy life insurance to cover your children in certain amounts up to \$20,000.
- An accelerated death benefit is available in certain situations involving a terminal illness.
- You can buy supplemental AD&D insurance to cover just yourself, or yourself and your eligible dependents, in amounts of one to ten times your basic annual earnings, up to \$2,000,000.
- Depending on your situation, a private-term policy may be a better option.

Disability Insurance

- Amazon provides both short term & long-term disability insurance at no cost to you, for employees working 30+ hours a week
- Both plans provide partial income (60% of eligible salary up to certain limits) if you become medically disabled.
- Depending on your situation and compensation, purchasing supplemental disability coverage to account for more of your total income may be a prudent option.

Conclusion

Financial independence for Amazon employees is not accidental—it requires strategic planning at every stage. Whether you're managing RSU's, building wealth, or preparing for retirement, the right financial strategies can set you up for long-term prosperity.

This eBook is not intended for specific financial advice. Your unique family and financial situation need a plan catered to you. If you do not currently have plan tailored for you and your family or have not reviewed your plan recently, please reach out for a consultation.

WORK WITH US

Not sure if you are doing all you can to accomplish all your financial goals?

[Schedule a free 15-minute introductory consultation today.](#)

Let's review your financial plan and ensure you are on track to manage your financial goals!

Visit us at platinumpointfin.com to learn more.

A mega backdoor Roth is a strategy that my help you save beyond standard 401(k) and Roth contribution limits. It involves making after-tax contributions to a traditional 401(k), and then immediately converting those funds into a Roth account. The strategy may allow for potential tax-free growth and qualified tax-free withdrawals in retirement. Taxes and plan rules around mega back door Roth conversions can be complex, so consider consulting a financial advisor or tax professional before using the strategy. There is no assurance that these techniques are suitable for all investors or will yield positive outcomes.

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