Review Questions for Swanson and Baird
Chapters 13, 14, and 15

Chap 13 – Pay and compensation

Very brief chapter

- They advise using head-hunters, I don’t, I like Monster and the like. Headhunters are expensive and not that ethical in my experience.

- Use ISOPs to motivate employees.

- 401K? Health Care??

Chapter 14 (note - much of the material in this chapter is overridden by the new Crowdfunding law passed in 2012)

- Why issue preferred stock (why not only common)? What does employee compensation have to do with this issue?

- What is vesting and when is it used?

Chapter 15 - Stock option plans

- (Important information) What are the two kinds of stock options (legally) and what are their tax implications?

- Review Table 15.1 - what is the bottom line here?

- What is the alternative minimum income tax trap?

- What is the wash sale trap?