

FREE · EQUITY STARTER KIT

Equity Starter Kit

What every founder and employee should know about their private-company equity — before they need to act.

- The story no one tells you about employee equity
- The exercise, tax and transfer clocks that catch people out
- A plain-English map: can you sell, and what is it worth?
- The 2026 data on who can actually get liquidity
- Every term you will meet, explained in plain English
- Where the paid toolkits and the personal report take it further

PrivateTechShares is an equity education and tools service. This toolkit is the preparation side of that: understand your equity, get your paperwork in order, and approach your company and advisers with confidence. We are not a broker or marketplace — we don't introduce buyers and sellers, hold money or securities, or take any transaction fee.

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The thing no one explains about your equity

When you join a startup, your equity is a line in the offer letter and a feeling of upside. Then, for years, nothing happens with it. You don't think about it — until, quite suddenly, you have to.

The moment usually arrives without warning. You decide to move on, and a 90-day clock starts on options you may have to pay thousands to exercise. The company raises a new round, and you quietly wonder how much you were just diluted. A tender offer lands in your inbox with a deadline attached. An acquisition rumour starts — and you realise you don't actually know what your shares are worth, or whether you're even allowed to sell them.

Here is the uncomfortable part. In a startup, the people who understand the equity — the founders and the investors — are rarely the ones holding ESOP. The knowledge sits at the top of the cap table. The ordinary employee, even a senior one, is usually left guessing at precisely the moment a wrong guess costs the most.

Why this exists: Anyone holding equity in a private company should be able to get a clear, honest read of their position — what they hold, what it is worth, the rules that apply and the tax — before they ever sit down with their company, their board, an adviser or a platform like Carta. Free tools and plain-English guidance are the on-ramp. This starter kit is where it starts.

The one habit that pays: The single most valuable thing you can do is prepare before the clock starts, not after. Liquidity windows open suddenly and close fast, and the people who lose out are almost never the ones who were ready — they are the ones who learned the rules on the deadline. Everything that follows is built to get you ready in an afternoon.

The map: can you sell, and what is it worth?

Almost every equity question reduces to three, in order. Here is the path.

Start here



Can you sell? Your shares are vested, and any transfer restrictions are cleared.

If not → clear any right of first refusal and board approval first. Usually routine.



How much do you want to sell?

All or most → one direct sale of the whole block, for cash.



Understand what it is worth — the realistic range, the discount a private buyer expects, and the tax. That is where PrivateTechShares helps.

The four steps of a private sale

- 1. Check you can sell.** Vested shares, and any right of first refusal or board approval cleared.
- 2. Work out a fair price.** Usually the last round's value, at a discount for a private sale — the free estimator gives you a range. [Value my equity →](#)
- 3. Find your buyer.** Existing shareholders, an incoming round's investor, or a private buyer — see [who buys private shares](#) and [where to find them](#).
- 4. Deal & transfer.** Agree terms, clear the ROFR, sign the transfer (often via a notary), and the buyer pays you directly.

What every holder should know

The six things that decide what your equity is really worth, and whether you can act on it. Each links to a free tool where it helps you put a number on your own situation.

Shares vs options — and the 90-day clock

If you hold options (ESOP), they are not shares yet — they are a right to buy shares at a fixed strike price. You usually cannot sell options; you first exercise them into shares by paying the strike, which can cost real money and trigger tax before you have sold anything. And when you leave, you typically have around 90 days to exercise or lose them. Know your number before you hand in your notice. [Work out your exercise cost →](#)

Vesting and the cliff

Equity is earned over time — commonly four years with a one-year cliff. Only vested equity is yours to act on. Check your vested amount and any remaining cliff before you plan anything.

Dilution — why your percentage shrinks

Every new funding round issues new shares, so your percentage falls even though your share count stays the same. That is normal; the question is how much. [Model your dilution →](#)

What your shares are really worth

Owning 1% of a company is not 1% of the sale price. Investors hold preferred shares with a liquidation preference — they are paid back first — so common shares (what employees and founders hold) can be worth far less, especially in a smaller exit. [See it with the exit-waterfall tool →](#)

Can you even sell? The rules that apply

Most private shares carry transfer restrictions — a right of first refusal, co-sale rights, or board approval. These are not dead ends; they are steps to clear — often routine, sometimes not — before a transfer. Find yours before you approach a buyer.

Tax — the part that bites

Exercising and selling are both taxed, and it varies a lot by country and plan. In the US that means AMT on ISOs and the QSBS exclusion; in Europe it is country by country. Get the high-level shape right here; the exact figures are where you take care. [US AMT & QSBS calculators →](#). The country-by-country detail lives in the paid toolkits.

What the 2026 data shows

Headline: We mapped liquidity access across Europe's most valuable private tech companies. The finding was stark: at roughly **five of every six**, employees have no publicly documented way to turn their equity into cash.

In other words, for most holders the official door is closed most of the time. The people who do get liquidity are the ones who understand the alternatives and are ready to move the moment a window — a tender offer, a company buyback, a secondary — opens.

That is the whole case for preparing early, and for knowing your position cold before you need it. [Read the full 2026 report →](#)

Plain-English glossary

The words you'll meet when selling equity — what each means, and why it matters to you as a seller.

Equity

Ownership in a company, held as shares (or as options that can become shares).

Why it matters: It is the thing you may be selling. Knowing exactly what you own — shares, or options that still need exercising — is the first step.

Shares (stock)

Units of real ownership in the company. If you hold shares, you already own part of the company today.

Why it matters: Shares can usually be sold in a secondary, subject to company approval. Options generally cannot be sold until they are exercised into shares.

Share options (ESOP)

A right to buy shares later at a fixed price (the strike/exercise price), usually earned over time. Common for employees.

Why it matters: Options are not shares yet. To sell, you normally have to exercise them (pay the strike price) so they turn into real shares first.

ESOP / option pool

The Employee Stock Option Plan — the pool of options a company sets aside for its team.

Why it matters: Your grant letter and the plan rules define your rights: how much you have, your strike price, and your deadlines.

Vesting

The schedule by which your equity is earned over time — typically over four years.

Why it matters: Only vested equity is yours. Unvested equity is not something you can sell (or usually keep if you leave).

Cliff

An initial period (often one year) you must complete before any equity vests at all.

Why it matters: Leave before the cliff and you typically walk away with nothing. After it, a first chunk vests at once, then the rest vests gradually.

Strike / exercise price

The fixed price you pay per share to turn an option into a share.

Why it matters: Your profit is roughly (sale price – strike price) per share, before tax and costs. A low strike from an early grant is valuable.

Exercise window

The limited time after you leave a company to exercise vested options — often around 90 days.

Why it matters: Miss it and vested options can simply expire. If you have left or are leaving, this deadline is often the most urgent thing on the page.

Cap table (capitalisation table)

The company's ownership register — who owns what: founders, investors, employees.

Why it matters: Also called the shareholder register or ownership ledger. For the number and class of shares you hold, rely on the company-confirmed record and, especially in Europe, the legally authoritative register for your jurisdiction — an internal cap table is not always the same thing.

Share class

The category of your shares — commonly Ordinary/Common (usually employees and founders) or Preferred (usually investors).

Why it matters: Class affects price and rights. Preferred shares often carry a liquidation preference, so ordinary shares can be worth less per share.

Secondary sale

Selling existing shares from one shareholder to a buyer — no new shares are created and the company raises no money.

Why it matters: This is what this whole toolkit is about: turning existing equity into cash without waiting for an exit or IPO.

Primary vs secondary

Primary = the company issues new shares to raise money. Secondary = an existing holder sells their shares to a buyer.

Why it matters: You are doing a secondary. It is a private transfer between you and a buyer; the company's role is mainly to approve it.

Liquidity

The ability to turn equity into cash.

Why it matters: Startups are famously illiquid — value on paper you cannot spend. A secondary is one of the few ways to get partial liquidity early.

Right of First Refusal (ROFR)

A common contract right letting the company (and sometimes existing investors) buy your shares first, on the same terms, before an outside buyer can.

Why it matters: It may not stop you selling economically, but if exercised it can redirect the shares to the ROFR holder instead of your chosen buyer. In practice you usually must formally offer the shares internally first, or get the right waived, before you can sell to your buyer.

Co-sale / tag-along

A right that lets certain investors sell some of their shares alongside yours, on the same terms.

Why it matters: It can reduce how much of your own stake actually gets sold in a given deal. Check whether it applies to your share class.

Board / company approval

Many private-company governing documents require the board (or shareholders) to formally approve the new owner before a transfer.

Why it matters: This is normal and expected. A clean, well-prepared request makes approval faster and less awkward — a big part of what this toolkit helps with.

Shareholders' Agreement (SHA)

The master contract among shareholders setting the rules: transfer restrictions, ROFR, approvals, drag/tag rights.

Why it matters: Founders and key people sometimes have different terms from ordinary employees. Your rights and restrictions live here — read it before you sell.

Articles of Association / Bylaws

The company's constitutional document, which can also restrict share transfers.

Why it matters: Along with the SHA, it can require approvals or set who may hold shares. Worth checking alongside your grant documents.

Drag-along

A right allowing a majority to force minority holders to join a sale of the whole company.

Why it matters: Not usually relevant to a small secondary, but good to know it exists and to check it is not triggered by your transaction.

Valuation / last round price

The price per share set at the company's most recent funding round.

Why it matters: Secondaries are usually priced off this, often at a discount for a quick, private, all-cash deal. It is your main reference point.

Discount

The reduction from the last-round price a buyer expects for taking on a private, minority, illiquid stake.

Why it matters: Common in small secondaries. Knowing a typical range keeps your expectations — and your ask — realistic.

Transfer / share transfer

The legal act of moving shares from your name to the buyer's, recorded on the cap table.

Why it matters: The deal is only truly done when the transfer is recorded. Everything before that (price, NDA, approval) leads up to this step.

Founder vs employee treatment

Founders and senior people sometimes negotiate different transfer rights, information rights, or approvals than ordinary option holders.

Why it matters: Do not assume your terms match a colleague's. Your own grant letter and the SHA govern what you specifically can do.

Sources & further reading

A few authoritative starting points for the concepts in this guide. Tax rules and company terms change — confirm the current position with the source or a qualified adviser before you rely on a figure. As of 2026.

- [PrivateTechShares — Private Tech Equity Report 2026](#) — our liquidity dataset and methodology
- [IRS — Topic No. 427, Stock options](#) — US tax treatment of ISOs and NSOs
- [Cornell LII — 26 U.S. Code §1202 \(QSBS\)](#) — the qualified-small-business-stock exclusion
- [Cornell LII — 26 U.S. Code §83 \(incl. the 83\(b\) election\)](#) — restricted stock and early exercise
- [NVCA — Model Legal Documents](#) — standard ROFR, co-sale and liquidation-preference terms

Country-by-country tax figures (Germany, UK, France, Spain, Italy, Netherlands, Poland), each with its source, are set out in full in the Europe toolkit; the US AMT and QSBS figures in the US toolkit.

When you are ready to act: the toolkits & the report

This starter kit helps you understand your position. When you are ready to actually prepare and run a sale, two things take it the rest of the way — both one-off, no subscription, instant download.

Equity Toolkit — Europe (€39) and US (\$39)

- An **8-phase A–Z deal map** — from “I might sell” to “done and paid” — with **STOP boxes** marking exactly where a lawyer, tax adviser or notary takes over.
- A **live Excel calculator**: your net proceeds across three sell sizes, a two-offer comparison, a common-vs-preferred waterfall, and the minimum price to hit your target.
- A **“what you actually net” sale bridge** and a **who-to-ask-what professional map** with the exact questions that keep advisers’ bills small.
- A tax self-triage, a readiness audit, a completion checklist and a board reassurance one-pager.
- The company-side preparation drafts plus an **editable Word workbook** — ready-to-send messages for every step.
- Europe: selling by country — seven markets, each sourced. US: the AMT & QSBS tax deep-dive.

[Get the US toolkit — \\$39 →](#) · [Get the Europe toolkit — €39 →](#)

Equity Position Report (€129)

A structured, sourced, dealroom-grade read of your specific position — what you hold, what it is worth, dilution, exercise cost, the tax to investigate, your liquidity options and the exact questions to ask — built on your own numbers. The thing to have in hand before you talk to your company, an adviser or a buyer. [See the report →](#)

To be clear: All of this is preparation and information, not advice, and never a transaction service. You keep full control, and nothing here commits you to anything.

Remember: Anyone holding equity in a private company should be able to get a clear, honest read of their position — what they hold, what it is worth, the rules that apply and the tax — before they ever sit down with their company, their board, an adviser or a platform like Carta. Free tools and plain-English guidance are the on-ramp. This starter kit is where it starts.

Important — please read

This toolkit is general educational information, not legal, tax or financial advice, and does not create any professional relationship. It is not specific to your company, your contracts or your jurisdiction. Templates and drafts are starting points to adapt and to have reviewed by a qualified lawyer before anyone relies on or signs them. PrivateTechShares is an education

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