TEMPO

SHERWIN-WILLIAMS EMPLOYEE BENEFITS · 2026

Your Guide to Building Wealth at Sherwin-Williams in 2026

A Practical Guide for SHW Employees Looking to Maximize Their Benefits

Prepared by Tempo Wealth

Building Wealth at SHW

Sherwin-Williams is all about helping you thrive, not just at work but in your financial life too.

Their benefits package includes a range of tools for building your net worth while keeping work/life balance in check. From the 401(k) to stock options, incentive bonuses, and Deferred Compensation, SHW gives you several ways to build wealth.

As you read through this guide, ask yourself:

1. What are my financial goals?
2. Am I using SHW's benefits to their full potential to help me get there?

The team at Tempo Wealth has worked with stock-eligible employees at SHW for years, and we're here to break down how to make these benefits work for you—whether you're dreaming of retirement, a new home, or a legacy for your family.

Let's jump into a practical guide to the benefits at your disposal at SHW.



The SHW 401(k)

The 401(k) is your main hub for building wealth at SHW. You can save pre-tax (tax break now, pay taxes in retirement) or Roth (pay taxes now, enjoy tax-free withdrawals after 59½). Pre-tax is optimal if you expect a lower tax bracket in retirement, while Roth protects you if tax rates climb.

Some questions to consider:

- Do I have a big pre-tax or Roth account already? Should I balance them?
- Will my income and tax bracket go up? If so, should I go Roth now and switch to pre-tax later for bigger tax breaks?
- What'll my retirement income look like from Social Security, pensions, or 401(k)s? Higher or lower than now?
- What other savings tools am I using that could affect my future taxes?

SHW matches your first 6% of pay, up to a cap. For example, if you earn $150,000 and contribute 6% ($9,000), SHW kicks in another $9,000—doubling your savings before growth. For 2026, you can save up to **$24,500** (up from $23,500 in 2025). If you're 50+, add an **$8,000** catch-up. If you're 60–63, you can stash up to **$11,250** in catch-ups, indexed for inflation. **As of 2026, if you're 50+ and your pay at SHW topped $150,000 last year, catch-ups must go Roth.**

Consider an example to see how this savings compounds over time. Let's say Margaret, a hypothetical employee, is 40 and earning $205,000 with a 2% annual raise, starting with a $200,000 401(k) balance, contributing 6% for the full match, and earning 5% returns. After 20 years, her balance sits around $1,530,000.

What if she took the match but then maxed out the full $24,500? She's looking at around $1,875,000—about $345,000 more. Every dollar you can contribute to your 401(k) during your high-earning years can add to your savings in retirement.

This illustration assumes the stated contribution percentages, raises, and rate of return, and no withdrawals. The illustration does not reflect investment advisory fees, plan expenses, taxes, changes in contribution rates, market volatility, or other factors that may affect actual results. The assumed rate of return is hypothetical and is not intended to represent or predict the performance of any particular investment or investment strategy. Actual investment results may vary.

Sherwin's Pension Investment Plan (PIP)

SHW's PIP is like a bonus savings boost, with contributions from the company based on your age and years of service. Here's the 2026 breakdown:

Age + Years of Service	Contribution Rate
18–34.9	2.0%
35–44.9	2.5%
45–54.9	3.0%
55–64.9	3.5%
65–74.9	4.0%
75–84.9	5.0%
85–94.9	6.0%
95+	7.0%

2026 PIP contribution schedule.

Eligible earnings include your W-2 compensation, plus pre-tax 401(k) or healthcare contributions, minus overtime, tuition aid, moving expenses, stock income, or separation pay. The more you advance and the longer you stay at the company, the more these contributions can add to your savings in retirement.

Deferred Compensation

For high earners, SHW offers two non-qualified deferred compensation plans, and they do different jobs.

The **Key Management Plan** lets you defer up to 100% of your base pay and/or bonus to delay taxes, with payouts starting at retirement or termination. You elect deferrals during the annual enrollment window before the year you earn the money, and the election is irrevocable for that year. For the payout, you pick a lump sum (the default) or annual installments over 2 to 15 years. For example, retiring at 57 means no IRA access until 59½, so DC payouts can bridge that gap. A 5-year installment schedule could provide steady income until 62.

The **Deferred Compensation Savings and Pension Equalization Plan** works automatically. Once your pay or contributions reach the IRS limits on the qualified plans, SHW directs the company contributions you'd otherwise lose—the match and PIP contributions above those limits—into this plan instead. No election is needed beyond your investment choices; eligibility is set by pay grade each November.

Payout length impacts state taxes. If you're in Ohio (2.75% state tax) and move to Florida (no state tax) two years into retirement, a 5-year payout on a $500,000 balance means $100,000/year, taxed at 2.75% for all five years ($13,750 total). A 10-year payout ($50,000/year) taxes only the first two years in Ohio ($2,750 total).

Three cautions. Distributions can't roll to an IRA—the plan pays them as taxable wages, with withholding. Changing a payout election requires 12 months' notice and pushes the payment back at least five years, so the schedule you pick is close to permanent. And deferred compensation is an unfunded promise from the company: balances are subject to SHW's creditors if the company becomes insolvent.

Anyone considering Deferred Compensation must think about what payout schedule fits their retirement and tax plans.

Health Savings Account (HSA)

Are you using a High-Deductible Health Plan (HDHP)? You can contribute to a Health Savings Account (HSA), an account with three separate tax advantages. Contributions are pre-tax, growth is tax-deferred, and withdrawals for medical expenses are tax-free. SHW chips in $400 (employee-only) or $800 (family) if you're on the Prime Plan.

Below is a chart showing the maximum contribution limits annually in 2026 according to the IRS.

Type of Limit		2025	2026	Change
HSA Contribution Limit	Self-only	$4,300	$4,400	**Up $100**
	Family	$8,550	$8,750	**Up $200**
HSA Catch-Up Contributions (not subject to adjustment for inflation)	Age 55 and Older	$1,000	$1,000	**No Change**
HDHP Minimum Deductible	Self-only	$1,650	$1,700	**Up $50**
	Family	$3,300	$3,400	**Up $100**
HDHP Maximum Out-of-Pocket Expense Limit (deductibles, copayments and other amounts, but not premiums)	Self-only	$8,300	$8,500	**Up $200**
	Family	$16,600	$17,000	**Up $400**

2026 IRS limits per Rev. Proc. 2025-19.

Once your HSA hits $1,000–$2,000, you can invest it. If you can cover medical costs out-of-pocket, there is power in letting the HSA grow for future needs.

Life Insurance

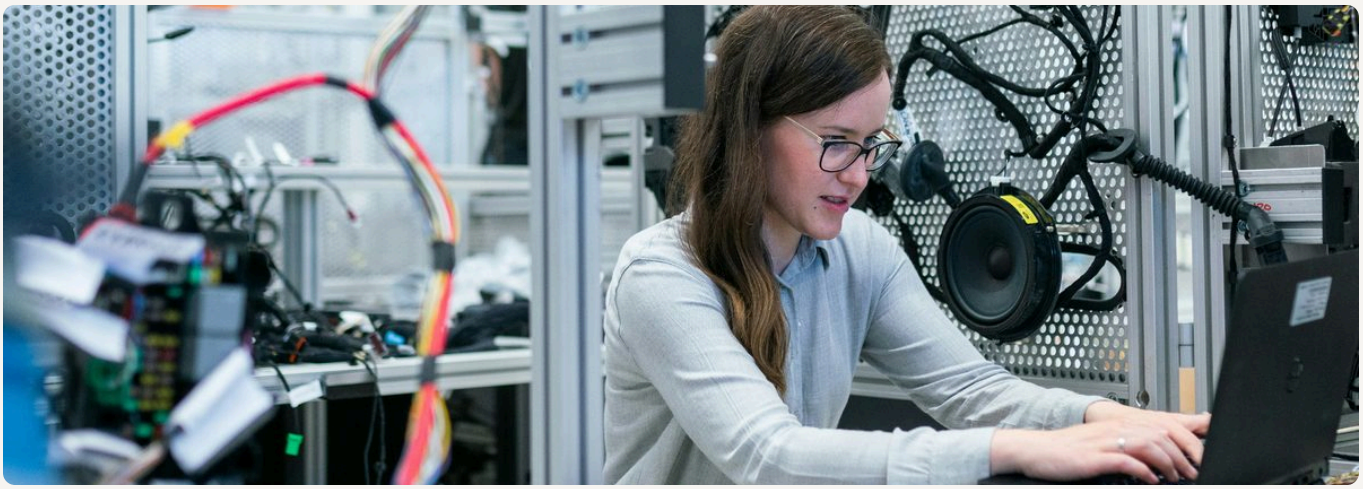
Full-time, non-union employees get basic life insurance up to 2x base pay (capped at $100,000). You can add supplemental coverage (1x–7x earnings, up to $1.5M), but 3x+ or over $500,000 needs health approval. Premiums rise every five years, so younger employees pay less than those 55–59. Given these constraints, employees should consider whether term insurance outside SHW makes sense for level premiums and portability.

Disability Insurance

Full-time, non-union employees qualify for:

- **Short-Term Disability:** After a 7-day wait, 8 weeks at 100% salary, then 17 weeks at 60%.
- **Long-Term Disability:** After 180 days, basic coverage is 50% of earnings (up to $10,000/month, pre-tax). Optional 10% buy-up boosts to 60% (up to $15,000/month).

LTD benefits can last to age 65. If the coverage falls short of your expenses, supplemental insurance can help. Consider whether this disability coverage is enough, or if you might need extra protection.



Stock Options and RSUs

SHW offers Non-Qualified Stock Options (NQSOs) and Incentive Stock Options (ISOs), vesting in thirds over three years and exercisable within 10 years. At retirement (age 65 or age 55 with age + service = 75+, with 180 days' notice), options may continue vesting.

Key differences:

- **ISOs:** Tax-free on exercise if held two years from grant and one year from exercise; gains at sale get long-term capital gains rates (0–23.8%). Missing the holding period triggers ordinary income tax. Watch for Alternative Minimum Tax (AMT) on exercise.
- **NQSOs:** Taxed as ordinary income on exercise (bargain element). Plan around SHW stock value and other income to minimize taxes.

RSU-eligible employees get performance-based RSUs (EPS and RONAE), vesting based on company performance (0–200% of target) over three years. Vested RSUs are taxed as ordinary income. Hold or sell during open windows, with gains taxed as short-term (within a year) or long-term capital gains (0–23.8% after a year). At retirement (with 180 days' notice), target RSUs continue vesting, but new grants during the notice period are forfeited.

Questions to ask:

- Do I need cash from selling RSUs or options, or can I hold for growth?
- How can I exercise or sell in a tax-smart way?
- Am I too tied to SHW stock, and what's my exit plan?
- Should I set up quarterly tax payments since SHW withholds 22% federal tax?
- If my income tops $1M (37% withholding), will it cover my taxes?

Net Unrealized Appreciation (NUA)

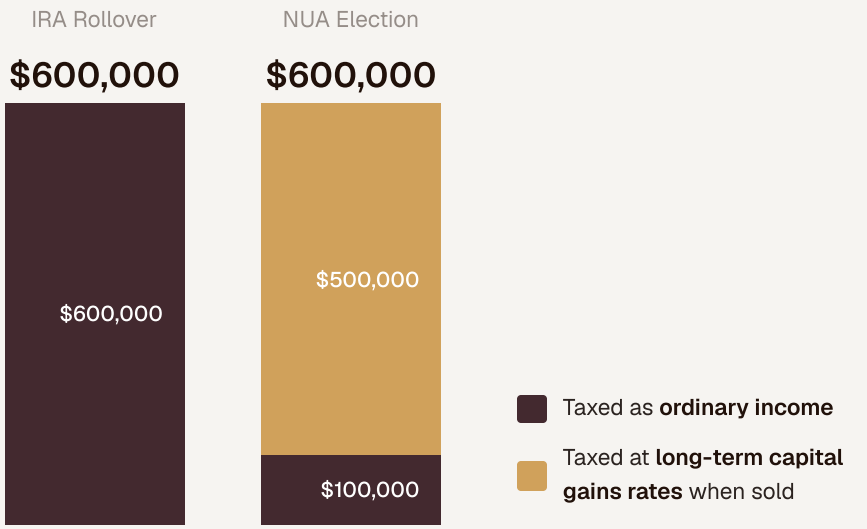
If you have substantial SHW stock in your 401(k), a strategy called Net Unrealized Appreciation (NUA) may reduce the tax on that stock in retirement (age 55+).

The usual path: you retire and roll your entire 401(k), SHW stock included, into an IRA. Nothing is taxed at rollover, but every dollar you withdraw later is taxed as ordinary income, your highest rate.

NUA treats your company stock differently. Instead of rolling the SHW shares into an IRA, you move them into a taxable brokerage account and pay ordinary income tax up front, but only on the cost basis (what you paid for the shares). The growth is taxed at long-term capital gains rates (0–23.8%), and only when you sell.

Let's say you have $600,000 in SHW stock in your 401(k): $100,000 cost basis, $500,000 growth. With NUA, you pay ordinary income tax on the $100,000 now. The $500,000 gets long-term capital gains treatment when sold, which may cost less than withdrawing it from an IRA as ordinary income. Your non-SHW assets still roll to a Rollover IRA and keep growing tax-deferred. The benefit depends on your cost basis, tax rates, and holding period; a high-basis position may do better with a full rollover.

The catch is that NUA has strict rules. The stock has to come out as part of a lump-sum distribution of your whole 401(k) in a single tax year, after a qualifying event like separating from SHW, so it should be planned years in advance. We have a calculator on our website to help visualize potential NUA scenarios.



The same $600,000 of SHW stock under each path. Hypothetical illustration.

Managing SHW Stock Concentration Risk

For many SHW employees, equity compensation doesn't just add to wealth—it gradually becomes the center of it. RSUs vest regularly. Option exercises add shares. And when SHW stock performs well, it's easy to let a position grow without a plan for managing it.

Concentration risk is real. An employee may already depend on SHW for salary, bonus, healthcare, career growth, and retirement benefits. Layering a large stock position on top of that means a single event—a disappointing earnings report, a market rotation, a sector correction—can affect nearly every dimension of financial life at once.

There are several ways to address concentration risk thoughtfully, and not all of them require selling immediately. The right approach depends on position size, tax basis, time horizon, and other financial goals.

Strategy	How It Works
Systematic Selling	Establish a scheduled sell plan at each vesting event or quarterly window. Removes emotion and timing risk from the decision.
10b5-1 Plan	A pre-arranged trading plan that allows an insider to sell shares on a set schedule, regardless of trading windows or material non-public information constraints.
Tax-Loss Harvesting	Offset gains from selling SHW stock by realizing losses in other parts of the portfolio, reducing the net tax cost of diversification.
Donor-Advised Fund (DAF)	Contribute appreciated SHW shares directly to a DAF. Avoid capital gains on the contribution, claim a charitable deduction, and recommend grants over time.
Long/Short Overlay	For larger positions, a long/short equity strategy can hedge downside exposure to SHW stock without triggering a taxable sale.
Exchange Fund	Pool appreciated shares with other investors into a fund. No immediate taxable event; results in diversification over time. Subject to lock-up periods and eligibility.

These strategies are not mutually exclusive; the right combination depends on position size, tax basis, time horizon, and liquidity needs.

Concentration Risk: Questions to Ask

The starting point is knowing what share of your net worth is tied to SHW, directly through shares and indirectly through employment and future grants. No single threshold fits everyone; it depends on your circumstances, risk tolerance, tax situation, and objectives, so it's worth a deliberate conversation about how and when to reduce it. Consider:

- What percentage of my total net worth is tied to SHW—directly and indirectly?
- Do I have a written plan for managing my equity position, or am I accumulating without a strategy?
- Am I inside a blackout period or subject to trading restrictions that limit my options right now?
- Have I explored any of the strategies in the table with an advisor?

Donor-Advised Fund Giving

If charitable giving is part of your plan, a Donor-Advised Fund can be an efficient tool, particularly when you hold appreciated SHW shares.

You contribute appreciated stock you've held for more than a year directly to a DAF rather than selling the shares first. By doing so, you avoid capital gains on the appreciation, receive a charitable deduction in the year of contribution (subject to AGI limits), and can then recommend grants to the charities of your choice over time—on your own schedule.

This approach is especially useful in a high-income year: a large RSU vest, a bonus, or a significant option exercise can be offset in the same year while funding your charitable goals.

Hypothetical example: You hold $50,000 of SHW stock, held more than a year, with a $10,000 cost basis. Contributing those shares directly to a DAF avoids $40,000 in capital gains and generates a $50,000 charitable deduction—without ever writing a check to charity today.

Questions to ask:

- Do I have appreciated SHW shares that could be contributed to a DAF this year?
- Is there a high-income year on the horizon where bunching a larger charitable contribution would make sense?
- Am I donating cash after selling appreciated shares, when giving the shares themselves would be more tax-efficient?

Tax-Loss Harvesting

Tax-loss harvesting is a strategy of intentionally selling securities that have declined in value to generate realized losses—which can then be used to offset capital gains elsewhere in the portfolio.

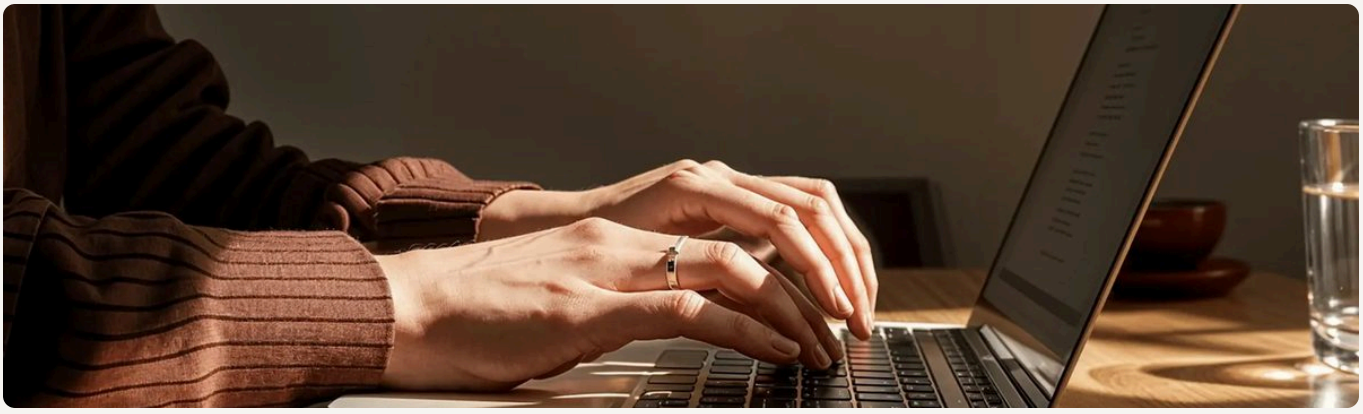
For SHW employees who are systematically selling RSU shares or exercised option shares, tax-loss harvesting in a taxable investment account can help reduce the net tax cost of that diversification. The losses from underperforming holdings are used to offset the gains from selling SHW stock, potentially reducing what you owe at tax time.

After selling, you reinvest the proceeds in a similar—but not identical—security to maintain market exposure while complying with the IRS wash-sale rule, which disallows a loss if the same or substantially identical security is repurchased within 30 days before or after the sale.

Over time, a disciplined harvesting strategy may reduce taxes, particularly in volatile markets, though the benefit depends on the gains available to offset. It works best as an ongoing practice, not a one-time response to a bad quarter.

Questions to ask:

- Does my taxable portfolio have positions with sizable unrealized losses that could be harvested against gains from selling SHW stock?
- Is my advisor reviewing this systematically throughout the year—not just in December?
- Do I understand the wash-sale rule and how it applies to securities I own in multiple accounts?



Long/Short Positions: Hedging Without Selling

For employees with a large, highly appreciated SHW position who aren't ready to sell—due to tax basis, trading window restrictions, or a desire to maintain upside exposure—a long/short equity overlay can provide partial downside protection without triggering a taxable sale. It carries its own costs and risks, including the possibility that the hedge and the stock move together.

In a basic structure, the investor holds the concentrated long position in SHW stock while establishing short positions in correlated securities or sector ETFs. If SHW stock declines, the short position is designed to generate offsetting gains. The result is a partial hedge against downside risk while preserving some of the position's upside potential.

This approach works best when the position is large enough to justify the strategy's cost and complexity, which depends on its size relative to your overall portfolio. It also requires working with an advisor who has access to these tools and understands how they interact with margin, collateral, and tax treatment.

A long/short overlay is not a substitute for a long-term diversification plan. It's a tool for managing short-term risk while a more permanent strategy—systematic selling, a DAF contribution, or an exchange fund—is put in place.

Questions to ask:

- Is my SHW position large enough that downside risk is a real concern?
- Am I in a position where I can't sell right now—due to a blackout period, trading restrictions, or tax timing—but still want some protection?
- Have I had a conversation with an advisor about hedging strategies for a concentrated position?

The Backdoor Roth IRA

If your income is too high for direct Roth IRA contributions, there's another door to consider. Contribute **$7,500 (or $8,600 if 50+)** to a non-deductible Traditional IRA, then convert it to a Roth IRA, where it grows tax-free. A non-working spouse can use this strategy too, if eligible.

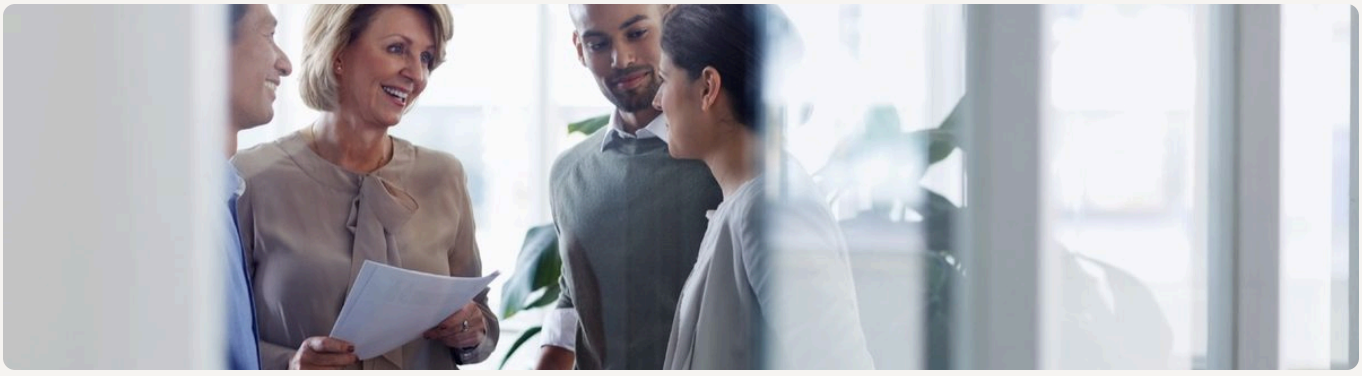
Roth earnings come out tax-free once you clear two hurdles: You're 59½ or older, and the account has been open at least five years.

Don't overlook the pro-rata rule. If you hold pre-tax money in any Traditional IRA (including a Rollover IRA from an old 401(k)), the IRS taxes your conversion in proportion to that balance, which can turn a "tax-free" move into a surprise bill. Check your IRA balances before you convert, and convert soon after contributing so there's no growth to tax.

Building Your Financial Team

Getting the most out of your SHW benefits takes more than one skill set. There's financial planning for your 401(k), RSUs, and HSA. There's tax strategy, estate planning, debt management, and insurance. Typically, you'd have to find and hire each of these separately: a Financial Planner, a CPA, an Estate Planning Attorney, a Debt Specialist, and an independent P&C Advisor. Then you'd have to keep them all on the same page.

Tempo was built so you don't have to do that alone. Our team leads your financial plan, from your 401(k) and equity comp to your tax and insurance strategy. And where your situation calls for a specialist, a CPA, an estate planning attorney, or a P&C advisor, we connect you with trusted professionals from our network and keep everyone working from the same playbook. One plan, one team keeping it aligned.



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Want to Talk?

SHW's benefits can play a large part in building long-term wealth, but getting the most from them takes a coordinated plan. Whether you're saving for retirement, a home, or your kids' future, Tempo Wealth is here to guide you.

Curious to learn more about what it's like to work with us? **Fill out the contact form on our site** or send us an email at **info@tempowealth.com** to schedule a casual introductory conversation.



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