



## EMPLOYEE STOCK OWNERSHIP PLANS (ESOP)

### Open For Business

An Employee Stock Ownership Plan (ESOP) is a tax qualified defined contribution retirement plan regulated under ERISA and the Internal Revenue Code. An ESOP is a special type of retirement plan because it is designed to invest in securities of primarily one company - the sponsoring employer and is the only retirement plan that can borrow money to acquire employer securities.

ESOPs offer strategic and structural features that can help accomplish various objectives of companies and their shareholders, including:

- Tax-advantaged financing
- Exit and succession strategy for owners and investors
- Tax deferral of capital gains on sale by existing shareholders
- Useful in a leveraged business acquisition, recapitalization or LBO
- Expansion of employee ownership
- Tax-deferred employee retirement funding and savings
- Deferred employee compensation
- Eligibility as a tax-exempt S-corporation shareholder
- Protection against hostile takeover
- Our ESOP Practice Group

The attorneys in the ESOP Practice Group can advise clients on virtually all aspects of an ESOP, from design and planning, to implementation, financing, corporate governance and mergers and acquisitions activities.

ESOPs are an important employee benefit, estate planning and corporate finance tool. However, the ability for an ESOP to meet the objectives of your shareholders, management and employees must be carefully

### Why Barnes & Thornburg?

Finding new ways to help clients identify solutions and new business opportunities, across industries, is at our core. We are, at times, more than lawyers, we are advisers bringing new ideas to light. We understand what keeps you up at night and work collaboratively to find practical and creative solutions, at the heart of business.

### RELATED PRACTICES

Benefits and Compensation

Corporate

examined before you make the required commitment to such a program. Our ESOP attorneys bring years of experience and innovative ideas to meeting your ESOP business and fiduciary needs. To facilitate the decision-making process, we work with clients and their transaction teams in an integrated, seamless and efficient manner to accomplish a number of ESOP-related business goals, including:

- Sound advice in uncertain economic times
- Understanding and implementation of business goals and objectives
- ESOP feasibility and plan design
- Stock acquisition/sale transaction structure and management
- Executive compensation strategies
- Distribution/repurchase liability strategies
- ESOP -Fix-It- - Plan corrections, remediation and audits
- ERISA fiduciary representation
- Institutional ESOP lender representation

Barnes & Thornburg's ESOP Practice Group includes attorneys who practice in employee benefits, taxation, corporate finance, corporate governance, estate planning, financial institutions, labor and employment, executive compensation and mergers and acquisitions, as well as pension litigation, many of whom are members of the ESOP Association and the National Center for Employee Ownership.