

# ESOP (Employee Stock Ownership Plan)

A succession strategy that benefits owners & employees

- Tax advantages
- Liquidity
- Control



# ESOP Advantages for Stockholders

- Creates liquidity at fair market value (as determined by an independent appraiser)
- Control maintained (if desired)
- “Tax-Free” rollover treatment available to sellers in closely-held C Corporation (IRC 1042)
- Establishes value and provides liquidity for estate planning
- Selling shareholders excluded from ESOP participation can be “made whole” by the corporation (deferred compensation)
- Additional equity incentives still available (stock option, bonus, purchase, phantom stock, etc.)



# Advantages for the Company

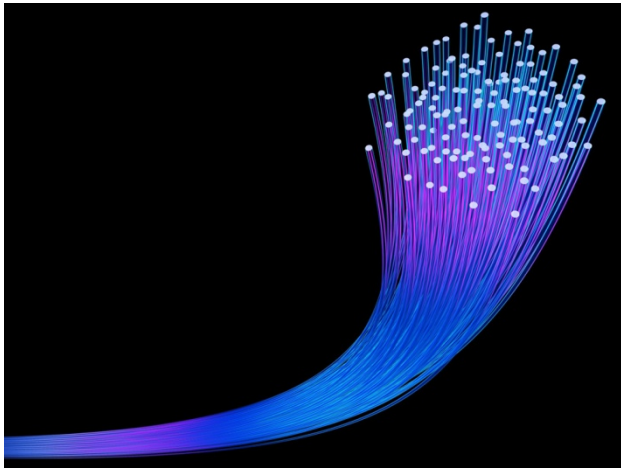
- Substantial tax savings (40% to 100%)
- Corporate perpetuation
- Cash flow increased
- Pre-tax dollars repay debt
- S Corporation stock owned by an ESOP is not subject to federal tax (California and most states mirror)
- Tax-deductible C Corporation dividends
- Justifies accumulated retained earnings



If you answer “yes” to any of the following, an ESOP may be for you.

- Wish to sell all or a part of your company (cash out) and still retain control?
- Need capital for acquisitions, refinance debt or invest in sales & marketing?
- Want to enhance cash flow through tax-deductible loan payments?
- Defer or avoid taxation on gain after sale?
- Motivate and reward key persons?

# Moving Forward



For a no obligation consultation, contact

Reliance Strategies

914-671-0717

[info@reliancestrategieis.com](mailto:info@reliancestrategieis.com)