

# Employee Ownership in an Alternate Universe

1. Verb - Past Tense
2. Verb - Past Tense
3. Noun
4. Noun
5. Noun
6. Noun
7. Verb - Past Tense
8. Verb - Past Tense
9. Adjective
10. Noun
11. Noun - Plural
12. Noun - Plural
13. Noun
14. Noun

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## WHAT IS AN ESOP?

An ESOP is an acronym that stands for Employee Stock Ownership Plan.

Technically, the Plan is \_\_\_\_\_ Verb - Past Tense or \_\_\_\_\_ Verb - Past Tense pursuant to a tax-exempt Trust, referred to as ESOT, Employee Stock Ownership Trust. Accordingly, the Plan is alternatively referred to as the \_\_\_\_\_ Noun.

The purpose of the ESOP is to enable you, as an \_\_\_\_\_ Noun, to acquire beneficial \_\_\_\_\_ Noun in your Company without having to invest your own money.

The ESOP also provides the current owners with a powerful financial \_\_\_\_\_ Noun to strengthen the Company.

The term "Employee Stock Ownership Plan" was first \_\_\_\_\_ Verb - Past Tense by Federal legislation in the

Employee

Retirement Income Security Act of 1974.

From 1974 to date, it has been estimated that 20,000 companies have \_\_\_\_\_ Verb - Past Tense Employee Stock Ownership

Plans.

The Plan is a \_\_\_\_\_ Adjective \_\_\_\_\_ entity for Federal and state corporate income tax purposes.

This enables the Company to make cash and/or Company stock contributions to the \_\_\_\_\_ Noun \_\_\_\_\_, which are used to acquire \_\_\_\_\_ Noun - Plural \_\_\_\_\_ of the Company on your behalf.

The advantage of the ESOP to you is that you are able to acquire this stock without paying current income tax on the stock and without any diminution of your take-home \_\_\_\_\_ Noun - Plural \_\_\_\_\_.

Again, this results from the fact that the \_\_\_\_\_ Noun \_\_\_\_\_ is made entirely by the Company and is not taxed to you personally as it is allocated.

The advantage to the Company and the current owners is that the ESOP makes pre-tax dollars available to finance Company growth and/or to create ownership liquidity at the time of \_\_\_\_\_ Noun \_\_\_\_\_.

## WHY YOUR COMPANY HAS ADOPTED AN ESOP

Although

the specific reasons for adopting an ESOP will be discussed in meetings held to explain ESOP details, the following advantages were material to the adoption of the Plan.

1. The success of the Company has been the result of the efforts of all employees and the ESOP will enable them to share in the economic rewards of ownership.

2. The Company has examined and analyzed other forms of qualified plans, and feels that an ESOP provides greater benefit to the Company and its employees than other alternatives.

3. The ESOP makes dollars available to finance Company growth and to buy stock of retiring owners. Without an ESOP, the dollars would not be available for these purposes, and an internal ownership transition plan would be difficult to accomplish.

#### WHAT ARE THE OBJECTIVES OF THE ESOP?

A. Create Financial Security

B. Create Better Incentives and Encourage Greater Employee Productivity.

