

# ESOP Services

Services for Employee Stock Ownership Plans: Although ESOPs are qualified plans, they are subject to a unique set of rules, limitations, compliance tests, regulations, uses, and strategies. Whether used to produce an incentive for employees, to create capital for expansion, or to buy out retiring owners, ESOPs actually have a broader range of uses than other qualified plans.

RMS provides the following ESOP services:

**Feasibility Studies:** Does the plan meet company goals? Will the desired contribution levels fit within federal restrictions? Does the company's culture fit the ownership style of the ESOP? These are just a few of the many questions that we help the employer answer.

**Consulting and Design:** RMS can explain the various design options available and assist the employer in designing a plan that meets the company's objectives and projected cash flows.

**Repurchase Obligation Studies:** If an ESOP is leveraged by borrowing funds to purchase stock, the company should project its ability to (1) service the debt, (2) purchase shares from participants who exercise pre-retirement diversification rights, and (3) build up enough cash to buy back shares from participants who terminate employment.

**Ongoing Administration:** In addition to the administration applicable to all profit sharing plans, ESOP administration involves obtaining an independent appraisal; releasing shares from encumbrance; complying with diversification rules; coordinating installment distributions; tracking delayed cash-outs; following anti-abuse regulations; keeping up with special rules on forfeitures and contributions; and allocating dividends on company stock. RMS can guide you through these special requirements.



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