

HOT TOPICS IN ESOPS

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OVERVIEW

- ▶ ADMINISTRATIVE
 - ▶ VALUATION
 - ▶ LEGAL
 - ▶ FIDUCIARY
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ADMINISTRATION

- ▶ Timing of Participant Statements
 - ▶ Communication with service providers - let them know your expectations so they can tell you what they need and when they need it to meet those expectations.
 - ▶ Census Data
 - ▶ Make sure all data provided to your TPA is accurate and complete
 - ▶ Correct wages based on plan document
 - ▶ Correct hours worked
 - ▶ Correct employment history
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ADMINISTRATION

- ▶ Diversification
 - ▶ There is a 90-day notice period; may end on April 1, 2019
 - ▶ Has your plan been amended to end the 90-day period after the updated valuation is received.
 - ▶ Required Minimum Distributions
 - ▶ Participants terminated in 2018 who were age 70.5 or older in 2018 must receive their first RMD no later than April 1, 2019.
 - ▶ Even if census file is not ready for your TPA, let them know if anyone who was 70.5 left in 2018.
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VALUATION

- ▶ Will the stock market decline affect my valuation?
 - ▶ How is the December 2017 tax rate change affecting valuations?
 - ▶ How do you fund participant cash out for account segregation (reshuffling) or diversification?
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LEGAL

- ▶ Process agreements
 - ▶ Prudent investigation
 - ▶ Independent and qualified advisors
 - ▶ Litigation post process agreements
 - ▶ Projections
 - ▶ Who prepared projections
 - ▶ Reliability?
 - ▶ Control
 - ▶ Composition of board of directors
 - ▶ SARs, warrants, bylaws
 - ▶ Control premiums
 - ▶ Creeping control
 - ▶ Fair market value versus exclusive purpose
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FIDUCIARY

- ▶ Valuation process from the trustees perspective
 - ▶ Due diligence
 - ▶ What happens when the draft report is received
 - ▶ Documenting how the stock price was approved
 - ▶ Governance
 - ▶ Board of Directors and interaction with the trustee
 - ▶ Succession planning
 - ▶ Sustainability
 - ▶ How to make sure the ESOP will go on
 - ▶ Recycle or Re-Leverage
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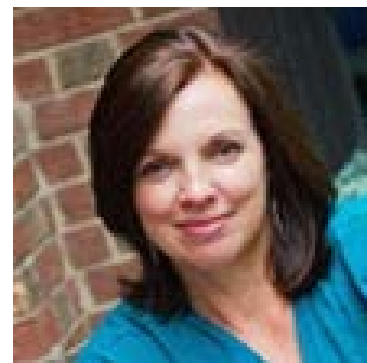


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QUESTIONS?



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