



Employee Stock Ownership Plans (ESOP)



What is an ESOP?



An Employee Stock Ownership Plan (ESOP) is a qualified workplace retirement plan, offering tax benefits for both the employer and the employee. ESOPs consist of employer contributions, made into company stock, whether privately held or publicly traded. ESOPs can be offered in addition to a 401(k) Plan, or within the 401(k) Plan. When employers merge an ESOP with a 401(k) plan, it forms a kSOP.

ESOPs and kSOPs allow employees to own part or all of their company, fostering a sense of ownership and creating a stronger connection to the workplace. An important tool to attract and retain top talent, while establishing the long-term future of the company and its legacy. It's a win-win.

BPAS is a recognized leader in plans involving employer securities, providing flexibility that surpasses most other firms.

Benefits of an ESOP



Tax Advantages

For S Corps, contributions are tax deductible to the extent of ESOP ownership. For C corps, you have the opportunity to defer taxation indefinitely.



Employee Satisfaction

Employees become partial owners in the company, with the likelihood of increased morale and production.



Succession Plan

Beneficial opportunities for the existing owners and long-term employees. Protecting the legacy of your company for years to come.



Employee Ownership



Through an ESOP, employees become direct or indirect owners of your company.

Attractive benefit option during the recruiting process

Employee retention

- Benefits long-term employees the most
- Less turnover
- Entry dates can differ from the 401(k) plan
- Vesting schedules of up to 3-year cliff or 6-year graded are available

Employee-owners positively impact the culture, values, and profitability of the company

- Increased pride in the company
- More cost-conscious
- Adherence to safety guidelines
- Focus on customer satisfaction
- Generate more sales

ESOPs are the most common form of employee ownership in the United States.

Company Succession Plan



Business Owner(s)

- Can define their role in the company upon the sale
- Can opt to sell the business all at once, or gradually

Employees

- Continued employment opportunities for existing employees can be negotiated as part of the selling agreement
- Attractive retirement/early leave packages

Company

- Values stay intact
- Protects the legacy of the company

A woman with long dark hair, wearing a white long-sleeved shirt and a dark skirt, stands with her back to the camera. Her arms are outstretched horizontally, holding a dark jacket in her left hand. She is positioned in front of a bright, hazy sun, creating a silhouette effect and a warm, golden glow across the scene.

One Company. One Call.

Vertical Integration

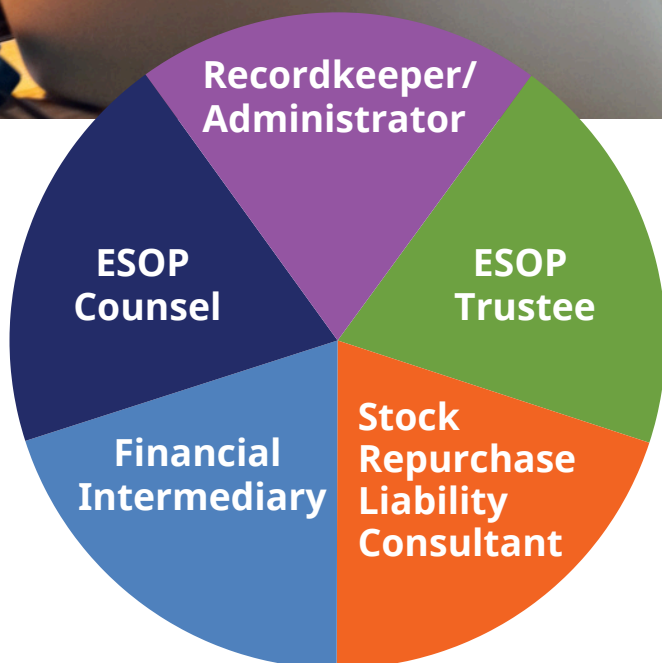
BPAS has a unique advantage since the firm is vertically integrated, with recordkeeping, third-party administration, clearing and custodial services under one roof. The company administers the entire plan on one system that includes both TPA and custodial services with a single point of contact for employers (Plan Sponsors). This service model delivers significant benefits for the plan sponsor and participants, with a much more holistic user experience.

ESOPs and kSOPs are considered some of the most complex defined contribution plans in the industry.

Take stock in knowing that BPAS can deliver a custom, experienced approach to your plan. Saving you time and headaches.

Solid Foundation

BPAS is a wholly-owned subsidiary of Community Financial System, Inc. (CFSI, NYSE: CBU), ranked by Forbes as one of America's best largest banks. We are financially solid and here for the long haul. As a national provider of retirement plans, benefit plans, fund administration, and collective investment trusts, BPAS has been helping financial partners provide a first-rate retirement plan solution since 1973. We make it our mission to simplify the complicated by delivering benefit-plan services that solve client challenges without the need to engage multiple providers.



**Best Practice:
A Team Approach**

Types of BPAS ESOPs/KSOPs

- Closely held annually valued companies, including S-Corp ESOPs
- Publicly traded companies (NASDAQ, NYSE, etc.)
- Annually valued ESOPs alongside daily valued 401(k) plans (separate plans)
- Combined kSOP arrangements with either closely held or publicly traded company stock

ESOPs & kSOPs:

The BPAS Advantage

BPAS handles all of the recordkeeping and trust/custodial services for your ESOP/401(k) or kSOP in one system.



- Plan reports and trust statements that cover the entire plan, including certified trust statements
- Participants have 24-7 web access to both their ESOP and 401(k) accounts; quarterly statements also provided
- Share accounting of company stock and full transparency of all assets
- An Administration Services Agreement with full fee transparency.
- Dedicated team of Plan Consultants focused on ESOP/kSOP space
 - Proactive, consultative approach and ongoing training and credentialing
 - Single point of contact for one system
- Comprehensive recordkeeping to simplify HR functions

We're uniquely qualified to manage the complex administration and trading flexibility required for ESOP/kSOP plans.

It's what we do best.

ESOP Services

Annual Administration

- 409(p) testing
- Calculate and allocate share release
- Year-end valuation report at the plan level
- Participant statements
- Diversification notices and processing
- Required testing
- Signature-ready Form 5500
- Audit support
- Transfer agency support

Distribution Processing

- Maintain eligibility records
- Process/issue 1099s
- RMD monitoring, calculation, and processing
- Letter of instruction to custodian if we're not the asset holder

Participant Services

- Online access
- Customer Service call center and secure email
- Educational resources at u.bpas.com



Let's Talk!

TrustSales@bpas.com

866.401.5272

bpas.com

