



# NCEOC



NORTH CAROLINA EMPLOYEE OWNERSHIP CENTER

## What is Your Business Succession Plan?

Many business owners have not thought through their succession plan. Expecting to retire in the next 10-15 years? It's time to begin planning.

## Consider an Employee Ownership Transition

Who else is better positioned to continue the legacy of your company than the employees themselves?

### Benefits to Employee Ownership Transition

#### Tax Benefits

Selling shareholders may qualify for capital gains tax deferral when selling at least 30% of a business to an ESOP or worker cooperative

#### Flexible Sale Process

Selling shareholders can decide whether to exit at the time of sale or continue on for a period of time to mentor the new employee owners

#### Preserve Jobs

Maintain jobs in the community that has come to depend upon them

#### Financing Alternatives

Conversions allow for many different financing options

#### Greater Resilience

Employee owned companies fare better during downturns and are less likely to lay off employees

#### Sustain Legacy Businesses

Selling to employees keeps your legacy in your community

#### Better Performance

Employee owned firms with strong ownership cultures perform 8-10% better than traditionally owned firms and have better employee retention

Contact Us: North Carolina Employee Ownership Center



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## Types of Employee Ownership

The three most common types of employee ownership are 1. Employee Stock Ownership Plans (ESOPs), 2. worker cooperatives, and 3. Employee Ownership Trusts (EOTs).

ESOPs are retirement plans that can set aside or borrow funds to buy the owner's shares of company stock. Worker Cooperatives function under a model of 'one member, one vote' and distribute a share of profits to workers. EOTs are trusts that hold shares of companies on behalf of the employees, who participate in annual profit sharing.

## Our Mission

The NCEOC's mission is to educate business owners and their advisers on the benefits of employee ownership via Employee Stock Ownership Plans (ESOPs), worker cooperatives, and Employee Ownership Trusts (EOTs) as a business succession and wealth building and retention strategy.

## Where to Start

Visit our website at [www.nceoc.org](http://www.nceoc.org) or give us a call at 919-695-3190 and schedule a conversation today. We can point you in the right direction to get started with succession planning and employee ownership feasibility assessments.

## Succession Planning Steps

- 1. Start early:** Be prepared so you don't have to suddenly close your business
- 2. Evaluate options:** Including selling to family members, management, an outside purchaser (such as a supplier, customer, competitor, investor), or employees via employee ownership
- 3. Create a timeline for your transition:** Ensure financials and other systems are in order
- 4. Identify and train successors:** Be ready to transfer customer and vendor relationships
- 5. Plan for tax exposure:** Talk to an accountant and be sure you're prepared
- 6. Get legal advice:** Any transition needs to be legally sound
- 7. Create a retirement plan:** For you and for your employees

## Our Partners



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