

## Employee Stock Ownership Plan (ESOP)

1m EBITDA & 10 employees

### Bank

Gives 50m Loan to Business for ESOP  
7 – 9% Interest

Gives 50m Loan to Business

### Business Owner

Receives 50m Distribution from Business

1042 Tax Election into  
Stocks & Bonds. Tax Deferred

Access to Capital Immediately

Can Still Maintain around 30% Ownership

### Business

(100 Shares)

Receives 50m Loan from Bank for ESOP

Sells 100 Shares to ESOP

Business Receives 50m Tax Deduction

Pay Off Bank in 3.7 years

### ESOP

Purchases 100 Shares

ESOP is the Owner of the Business

Distributes Shares to Employees and  
Phantom Stock

Employees – 80%

5 Year Vesting Schedule

Phantom Stock – 20%

No Vesting Schedule