

ASPPA

2007 GREAT LAKES BENEFIT CONFERENCE
CHICAGO, ILLINOIS

EMPLOYEE STOCK OWNERSHIP PLANS

DAVID ACKERMAN
Morgan, Lewis & Bockius
77 West Wacker Drive
Chicago, IL 60601
(312) 324-1170
(312) 324-1001 (fax)
dackerman@morganlewis.com

May 3-4, 2007

Morgan, Lewis & Bockius LLP

David Ackerman
(312) 324-1170
dackerman@morganlewis.com

77 WEST WACKER DRIVE
FIFTH FLOOR
CHICAGO, IL 60601-1721

www.morganlewis.com

EMPLOYEE STOCK OWNERSHIP PLANS

DAVID ACKERMAN

May 3, 2007

I. INTRODUCTION

- A. Definition of an ESOP: employee benefit plan designed to invest primarily in stock of the sponsoring employer
- B. Growth in Use of ESOPs
- C. Purposes an ESOP can Serve
 - 1. Employee benefit plan
 - 2. Technique of corporate finance
 - 3. Business perpetuation
 - 4. Provide market for thinly-traded stock
 - 5. Provide liquidity for estates of business owners
 - 6. Business acquisition technique
- D. Summary of Tax Incentives
 - 1. Tax-qualified plan
 - a. contributions are deductible

- b. earnings are tax-free
 - c. employees not subject to tax on contributions or earnings allocated to their accounts until they receive their benefits
2. Tax-free "rollover" treatment for sale of stock to an ESOP
 3. Deduction of principal on ESOP loans
 4. Dividends - paid deduction
 5. S corporation ESOPs

II. REQUIREMENTS FOR TAX-QUALIFICATION

A. Basic Legal Requirements

1. Written plan
2. Contributions must be made to a trust

B. Age and Service Requirements

1. Minimum age requirement: 21 or lower
2. Minimum service
 - a. generally, one year or less
 - b. two-year service requirement permissible if immediate vesting is provided

C. Nondiscrimination Rules

1. Coverage Requirements
 - a. participation must be available to a broad cross-section of employees
 - b. seventy-percent test: coverage test satisfied if percentage of employees who are not "highly compensated" that are covered under the plan is at least 70 percent of the percentage of "highly compensated" employees that are covered
 - c. union employees may be excluded if there is good faith bargaining with their representatives regarding retirement benefits

2. Allocation of Contributions
 - a. benefits must be provided on a nondiscriminatory basis
 - b. generally, allocations based on compensation are acceptable (subject to \$225,000 limit, indexed for inflation)
- D. Vesting
 1. "Three-year "cliff"
 2. Three to six-year graded
- E. Distribution Rules
 1. Excise tax on "premature" distributions (before age 59-1/2)
 2. Mandatory distributions at age 70-1/2 for five-percent owners
- F. Limits on Tax Benefits
 1. Contribution Limitation
 - a. maximum annual deduction: 25 percent of covered compensation
 - b. increased limits for amounts allocated to repay an ESOP loan (C corporations only): contributions used to pay interest do not count against the 25-percent limit
 2. Individual Allocation Limitation: lesser of --
 - a. 100 percent of compensation, or
 - b. \$45,000

III. RIGHTS OF ESOP PARTICIPANTS

- A. Distribution Rules
 1. Timing: unless a participant elects a later date, distributions must commence no later than one year after the close of the plan year --
 - a. in which he or she terminates employment due to reaching normal retirement age, disability, or death; or

- b. which is the fifth plan year following the plan year in which he or she otherwise separates from service
2. Distributions of securities acquired with the proceeds of a loan may be delayed until the loan is repaid
3. Benefits may be distributed in installments over five years (up to ten years where the benefits exceed \$915,000)
4. Right to demand employer securities: a participant may demand that his or her benefits be distributed in the form of stock of the employer, unless either --
 - a. articles of incorporation or by-laws restrict ownership of employer securities to employees, or
 - b. plan sponsor is an S corporation

B. Put Option

1. Unless the employer's stock is publicly traded, a participant may require the employer to repurchase any employer stock distributed to him or her at a price determined under a "fair valuation formula"
2. If benefits are distributed in a lump sum, the employer may elect to pay the purchase price upon exercise of the put option in installments over a period not to exceed five years
 - a. interest must be paid at a reasonable rate
 - b. adequate security must be provided

C. Diversification Requirements

1. At least three investment options must be offered to participants who have attained age 55 and who have completed ten years of participation in the plan
2. Alternative: distribute cash equal to the amount with respect to which an investment option otherwise must have been provided
3. Amount subject to direction by participant
 - a. twenty-five percent of the balance credited to his or her account during the first five years after diversification right accrues
 - b. fifty percent thereafter

D. Voting Rights

1. Voting rights on publicly-traded securities must be passed through to participants
2. Pass-through of voting rights with respect to other securities may be limited to extraordinary transactions
 - a. if participants' voting rights are limited, the trustee will vote the stock
 - b. trustee may be subject to direction by other designated persons (*e.g.*, ESOP Committee)

IV. TAX-FREE ROLLOVER ON SALE OF STOCK TO AN ESOP

- A. Section 1042 of the Internal Revenue Code provides an opportunity for a tax-free rollover of the proceeds of a sale of stock of a C corporation to an ESOP if the proceeds are reinvested in securities of other corporations
1. Available only with respect to sales of common stock of C corporations that have no shares outstanding that are publicly traded
 2. The stock must have been owned by the seller for at least three years
- B. Conditions for Tax-Free Treatment
1. Sale of "qualified securities"
 2. Immediately after the sale, the ESOP must own at least 30 percent of the sponsoring employer's stock
 3. Sale proceeds must be reinvested in "qualified replacement properties" (stocks or bonds of domestic operating corporations)
 4. Election to defer tax
- C. Definition of "Qualified Securities"
1. Must be "employer securities"
 - a. common stock issued by the employer (or by a corporation which is a member of the same controlled group as the employer) having a combination of voting power and dividend rights equal to or in excess of:

- i. that class of common stock of the employer (or of any other member of the controlled group) having the greatest voting power; and
 - ii. that class of common stock of the employer (or of any other member of the controlled group) having the greatest dividend rights
 - b. certain noncallable preferred stock also may qualify
 - 2. The employer securities must have been issued by a domestic C corporation that has no stock outstanding that is readily tradable on an established securities market
 - 3. The employer securities must not have been received by the taxpayer either --
 - a. in a distribution from a tax-qualified employee benefit plan, or
 - b. in a transfer pursuant to an option or other right to acquire stock to which the provisions of Sections 83, 422, or 423 of the Code apply
- D. The 30-Percent ESOP Ownership Test
 - 1. Immediately after the sale, the ESOP must own either --
 - a. 30 percent of each class of outstanding stock or the plan sponsor, or
 - b. 30 percent of the total value of all outstanding stock of the plan sponsor
 - 2. For this purpose, the term "stock" does not include nonvoting preferred stock which is not convertible into another class of stock
 - 3. Note: 30-percent test is applied immediately after the transaction
 - a. this means that it is not necessary for a corporation to have previously adopted an ESOP in order to set up a tax-deferred sale
 - b. rather, an ESOP can be set up for the purpose of arranging a tax-deferred sale
- E. "Qualified Replacement Property"
 - 1. Definition: any security issued by a domestic operating corporation (other than the plan sponsor or any member of a controlled group which includes the plan sponsor)

2. Definition of "security"
 - a. a share of stock in a corporation
 - b. a right to subscribe for or to receive a share of stock in a corporation
 - c. a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation with interest coupons or in registered form
3. Definition of "operating corporation:" a corporation more than 50 percent of the assets of which were, at the time that the security was purchased or before the close of the replacement period, used in the active conduct of a trade or business
 - a. financial institutions and insurance companies are treated as "operating corporations"
 - b. controlling and controlled corporations are treated as a single corporation
4. Passive investment income test
 - a. a security issued by a domestic operating corporation will not be "qualified replacement property" if, for the taxable year preceding the taxable year in which the security was purchased, the corporation had passive investment income in excess of 25 percent of the corporation's gross receipts
 - b. "passive investment income" means gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of securities
5. Replacement Period: the qualified replacement properties must be purchased within the "replacement period" in order for the sale to the ESOP to qualify for nonrecognition treatment
 - a. the replacement period begins three months before the date on which the sale of the qualified securities to the ESOP occurs, and
 - b. the replacement period ends twelve months after the date of the sale
6. Basis and holding period for qualified replacement properties
 - a. taxpayer's basis in qualified replacement properties is reduced by gain deferred in connection with sale to ESOP

- i. in effect, carryover basis
 - ii. if more than one item of qualified replacement property is purchased, the carryover basis is prorated among all of the qualified replacement properties on the basis of their relative values
- b. tacking of holding period: the taxpayer's holding period for the qualified replacement properties includes the period during which the taxpayer held the qualified securities sold to the ESOP

F. Election to Defer Tax

1. Election to defer tax pursuant to Section 1042 of the Code must be made in a "statement of election" attached to the taxpayer's income tax return for the taxable year in which the ESOP sale occurs
 - a. once made, the election is irrevocable
 - b. the temporary regulations provide that if the election is not made in a timely manner, the taxpayer may not later make an election on an amended return [Temp. Regs. §1.1042-1T (Q&A-3)]
 - c. temporary regulations set forth information to be included in statement of election [Temp. Regs. §1.1042-1T (Q&A-3)(b)]
2. Qualified replacement properties must be described in "statements of purchase" which must be filed with the taxpayer's tax returns
 - a. statements of purchase must describe the qualified replacement property and state the date of the purchase and the cost of the property
 - b. statements of purchase must be notarized not later than 30 days after the purchase
3. Partial elections
 - a. a taxpayer may elect to defer part, but not all, of the gain realized in connection with a sale of qualified securities to an ESOP
 - b. *e.g.*, if a taxpayer sells to an ESOP qualified securities in which his or her basis is \$1 million for a price of \$11 million and purchases \$9 million of qualified replacement properties, then \$1 million of gain would be recognized

G. Recapture of Gain upon Disposition of Qualified Replacement Property

1. General Rule: upon disposition of qualified replacement property, gain recognized to extent of the gain previously deferred under Section 1042 of the Code by reason of the taxpayer's acquisition of the qualified replacement property
2. Exceptions: no recognition of gain in connection with transfers of qualified replacement properties by reason of any of the following --
 - a. death of the taxpayer
 - b. a gift by the taxpayer
 - c. a corporate reorganization to which Section 368 of the Code applies (unless the taxpayer controls the acquiring or acquired corporation and the qualified replacement property is substituted-basis property in the hands of the transferee)
 - d. a transaction to which Section 1042 of the Code applies

H. Additional Rules

1. If the ESOP disposes of the employer securities with respect to which the Section 1042 election has been made within three years, the plan sponsor is subject to a ten-percent excise tax
2. Seller's shares must not be allocated back to the seller or to related parties or to 25-percent shareholders

V. THE ESOP AS A TAX-FAVORED FINANCING TECHNIQUE

A. Deduction of Principal

1. The fiduciary rules applicable to tax-qualified plans generally prohibit sponsoring employers from lending money to a qualified plan, guarantying a loan to a plan, or providing collateral for a loan
2. However, a special exemption is provided for loans to ESOPs, where the loan proceeds are used to acquire common stock of the sponsoring employer

- B. Example of a simple leveraged ESOP transaction:
1. The ESOP uses the loan proceeds to purchase shares of the sponsoring corporation, either from the corporation or from stockholders;
 2. The corporation makes annual cash contributions to the ESOP in amounts sufficient to amortize the loan; and
 3. The corporation takes deductions for the amounts so contributed (for both the amounts used to pay principal as well as the amounts used to pay interest)
- C. Allocation of Company Stock
1. The shares purchased by the ESOP with the loan proceeds typically are pledged to secure the loan
 2. Whether or not pledged, for trust accounting purposes the shares initially are allocated to a "suspense" account
 3. As payments are made on the loan, a portion of the shares purchased with the loan proceeds are released from the pledge and allocated from the suspense account to the accounts of individual participants
 4. Allocation Methods
 - a. principal and interest: percentage of shares to be released from the suspense account and allocated to the accounts of individual participants is equal to a fraction --
 - i. the numerator of which is the amount of the principal and interest paid on the ESOP loan during that year, and
 - ii. the denominator of which is the sum of the numerator plus the principal and interest to be paid for all future years
 - b. principal only: the percentage of shares to be released from the suspense account and allocated to the accounts of individual participants is equal to a fraction --
 - i. the numerator of which is the amount of principal paid on the loan during that year, and
 - ii. the denominator of which is the sum of the numerator plus the principal to be paid for all future years

- c. limitations on use of principal-only method
 - i. term of loan must not be more than ten years
 - ii. annual payments must be made at a cumulative rate that is not less rapid at any time than level annual payments of principal and interest for ten years

VI. S CORPORATION ESOPS

A. Federal Income Tax Deferral

1. Like all other shareholders, an ESOP must include in its gross income its proportionate share of an S corporation's gross income
2. However, because an ESOP is exempt from federal taxation, all tax on the ESOP's proportionate share of the S corporation's income is deferred
 - a. under the general tax rules applicable to S corporations, the corporation itself is not subject to tax on its income
 - b. although the ESOP must include its proportionate share of the S corporation's income in its gross income, it is not subject to tax on its own gross income
 - c. therefore, if all of the stock of an S corporation is owned by an ESOP, there will be no tax on the corporation's current earnings

B. Cash Flow Considerations

1. If an ESOP company that has shareholders in addition to the ESOP makes the S election, the other shareholders most likely will need to withdraw sufficient funds to cover payment of the taxes on their share of the corporation's income
2. If tax distributions are required to be made to the shareholders other than the ESOP, an equivalent distribution also will have to be made to the ESOP
 - a. even though the ESOP will incur no tax liability, the economic rights associated with the ESOP's shares must be the same as those associated with the other shares
 - b. otherwise, the one-class-of-stock rule for S corporations would be violated, resulting in termination of the S election

3. In determining whether to make the S election, an ESOP company which has shareholders other than the ESOP must evaluate how the cash distributed to the ESOP will be used
4. Potential uses of distributions to ESOP
 - a. other investments for plan participants
 - b. purchase of additional shares of plan sponsor
 - c. pay off ESOP loan
 - d. fund repurchase liability

C. Planning Considerations

1. Advantages of S election
 - a. avoidance of double tax on corporate earnings
 - b. elimination of all current tax on ESOP's proportionate share of earnings
 - c. avoidance of double tax on sale of assets
2. Disadvantages
 - a. if distributions are required in order to enable other shareholders to pay their taxes, required distributions to ESOP may result in adverse cash flow consequences (depending upon whether the distributions can be used to reduce corporate obligations, such as an ESOP loan or the ESOP repurchase liability)
 - b. tax-free rollover of gain on sale of stock to an ESOP does not apply if the plan sponsor is an S corporation
 - c. limits on annual contributions to an ESOP are lower for an S corporation than for a C corporation
3. Compliance with new anti-abuse law
 - a. allocations to or accruals for certain ESOP participants with large account balances prohibited where --
 - i. those individuals own more than 50 percent of the plan sponsor's outstanding shares, or

- ii. those individuals are deemed to own more than 50 percent of the plan sponsor's outstanding shares, after application of constructive ownership rules
- b. primary applications of anti-abuse law:
 - i. ESOPs covering relatively small groups of employees
 - ii. ESOPs subject to substantial dilution through grants of "synthetic equity" to key employees

VII. POTENTIAL PROBLEMS

A. Dilution of Equity

1. After an ESOP is put in place, participants share in all future growth of the business on a pro rata basis
2. "Cost" of sharing equity with employees may be offset, in part or in full, by:
 - a. increases in employee productivity,
 - b. reductions in other employee benefits, and
 - c. tax savings

B. Repurchase Liability

1. If the stock of an employer that sponsors an ESOP is not publicly traded, the participants have the right to require the sponsoring employer (not the ESOP) to repurchase any shares distributed to them
2. Before establishing an ESOP, a company should consider whether this put option requirement might impose an undue financial burden upon the company at any time in the future
 - a. although the repurchase liability initially may be modest, it will grow, perhaps rapidly, as the ESOP matures and as more shares of stock are allocated to accounts of employees
 - b. moreover, if the company is successful, the value of the shares themselves should increase

3. Methods for managing the repurchase liability
 - a. pay-as-you-go
 - b. establish cash reserves, either within the ESOP or in a "sinking fund" controlled by the company
 - c. insurance
 - d. repurchase through ESOP, thereby making cost of shares tax-deductible
- C. Valuation of the Stock
 1. Valuations are required at least once a year and whenever stock is sold or contributed to an ESOP
 2. All valuations of employer stock held by an ESOP that is not publicly traded must be made by an independent appraiser

VIII. USES OF ESOPS FOR BUSINESS OWNERS

- A. Business Perpetuation
 1. ESOPS present an attractive alternative to sale of business if younger executives have been adequately trained to manage the business
 2. ESOP sale provides source of liquid assets which can be used for the following purposes:
 - a. payment of estate taxes, and
 - b. providing properties other than stock of the family business for inheritance by family members who will not be employed by the business
 3. Control over the business can be retained by the family
 - a. a minority interest in the business can be sold to the ESOP
 - b. even if ESOP holds a majority interest, control in fact not likely to change
 - i. seller, members of seller's family, or other officers or directors can be selected as trustee, with right to vote stock
 - ii. even if trustee is independent, change in control unlikely

(A) trustee can be subject to direction from a committee selected by the Board of Directors

(B) independent trustee not likely to change management in the absence of extraordinary circumstances, even if it has power to do so

4. Tax-advantaged financing

B. Diversification of Wealth

1. ESOP sale is an attractive alternative a sale to a third party

2. Disadvantages of sales to third parties

a. hard to find third parties who will purchase a minority interest in a private company

b. if a buyer can be found, he or she will demand --

i. substantial discounts for lack of control and lack of marketability, and

ii. exit strategy within five to seven years

c. sale to third party will be taxable

3. Sale to ESOP

a. seller can retain control

b. if a minority interest is sold, a minority-interest discount must be taken in determining sales price, but little or no discount for lack of marketability is required because ESOP participants will have a put option

c. patient capital

d. tax can be deferred

4. Comparison to stock redemption

a. stock redemption taxable, most likely at ordinary income rates

b. the owner's stock is repurchased with "after-tax dollars" (as compared to the use of "pre-tax dollars" in a leveraged ESOP transaction)

C. Post-Mortem Planning

1. Financing for purchase of stock from estate can be arranged on a tax-advantaged basis
2. No need for income tax deferral since stock basis will be stepped up to fair market value in estate
3. Avoid "forced" sale to outside parties

IX. INVESTING THE ESOP SALE PROCEEDS

A. Deferring or Avoiding Recapture of Gain on Disposition of Qualified Replacement Properties

1. If a taxpayer elects to defer recognition of gain in connection with a sale of stock to an ESOP, the taxpayer takes a carryover basis in the qualified replacement properties
2. Investing the ESOP sale proceeds
 - a. investment considerations (beyond scope of this presentation)
 - b. tax considerations
 - i. long-term planning horizon: the longer the replacement properties are held, the longer the tax on the gain realized in the ESOP transaction is deferred
 - ii. capital gains tax can be completely avoided if replacement properties are held until the death of the taxpayer, under the normal rules allowing for a step-up in basis at death
3. Diversified Portfolio
 - a. easiest strategy
 - b. deferred gain recognized proportionately when qualified replacement properties are sold
4. Floating Rate Notes
 - a. long-term U.S. corporate bonds

- i. interest rate: "floating," based on an index (such as LIBOR or commercial paper rate)
 - ii. term: typically 40-60 years
 - iii. call protection for 20 years or more
- b. "Monetization:" borrow against the notes and buy and sell securities in a margin account
- c. benefits of investing in floating-rate notes
 - i. can trade securities in margin account on a tax-free basis
 - ii. flexibility: in margin account, alternative investments are available (*e.g.* partnerships, real estate, life insurance)

5. Gifts

- a. outright gifts
- b. gifts in trust
- c. GRATs for children

B. Use of Charitable Remainder Trusts

- 1. Transfer of qualified replacement properties to a charitable remainder trust does not trigger recognition of income
- 2. Benefits of transfer to charitable trust
 - a. tax on gain from sale to ESOP permanently avoided
 - i. charitable trust can sell replacement properties and reinvest without incurring tax liability
 - ii. allows for active trading and continued diversification of ESOP sale-proceeds portfolio
 - b. income tax deduction for taxpayer
 - c. trust pays an annual income from earnings on the trust fund for the remaining life of the taxpayer or for the remaining lives of the taxpayer and his or her spouse

- d. substantial deferred benefit for charitable beneficiary
- 3. Alternative structure: gift of company stock to charitable trust, followed by sale to ESOP
 - a. tax consequences
 - i. tax deduction for taxpayer
 - ii. no tax to charitable trust upon sale of stock to ESOP
 - iii. taxpayer avoids estate taxation on transferred stock, while retaining annuity interest
 - b. comparison to gift of qualified replacement properties
 - i. can sell less than a 30-percent interest to the ESOP
 - ii. seller and member of seller's family can participate in the ESOP

X. DEALING WITH RETAINED BUSINESS INTEREST

A. Alternatives

- 1. Hold
- 2. Sell business or go public in the future
- 3. Sell more shares to ESOP in future
- 4. Gifts to children and grandchildren
 - a. outright
 - b. use of trusts

B. Retention of Remaining Business Interests

- 1. Preserve options
- 2. Wait and see how designated successors are working out
 - a. if they are able to manage the business, a second-stage ESOP transaction can be implemented in the future

- b. if successor management does not perform well, company can be sold or another alternative can be pursued
- C. Sale of Business or Public Offering
 - 1. Existence of ESOP will not preclude a future sale of the business or public stock offering
 - 2. Proceeds from sale or public offering will have to be shared with ESOP (but in the meantime owner has diversified wealth on a tax-deferred basis)
- D. Gifts
 - 1. The period immediately following a leveraged ESOP transaction is an ideal time to make a gift of stock of the plan sponsor
 - a. value of stock depressed by ESOP indebtedness
 - b. value of stock likely to appreciate rapidly as debt is paid down and company grows
 - 2. If owner gives away enough shares to reduce his or her ownership interest below 50 percent, the estate then will be entitled to minority-interest discount for estate tax purposes
 - 3. Example: owner sells 30 percent of stock of family company to ESOP and then makes a gift of 21 percent of the outstanding shares to his or her children
 - a. value of stock depressed by reason of ESOP indebtedness
 - b. in addition, a minority-interest discount can be taken
 - c. retained interest in owner's estate also qualifies for minority-interest discount

XI. CHARACTERISTICS OF A GOOD ESOP CANDIDATE

- A. Financial Strength
- B. Minimum Payroll
- C. Top Tax Bracket

D. Common Objectives

1. Need for an ownership succession plan
2. Diversify investment portfolio
3. Provide estate liquidity
4. Provide a market for thinly-traded stock
5. Reduce borrowing costs
6. Buy out dissenting shareholders
7. Going private

E. Employee Participation

1. Attitude of owners toward employee participation is a key factor in evaluating whether an ESOP will work in a private business
2. Recent research suggests that the combination of an ESOP plus meaningful employee participation in decisions affecting their work will result in substantially-increased productivity
3. Elements of meaningful participation
 - a. communication
 - b. everyday involvement by employees in decisions

©2007 David Ackerman, Chicago, Illinois

David Ackerman
Partner

ESOPs
Employee Benefits/Executive Comp

Chicago
Phone: 312.324.1170
Fax: 312.324.1001
Email: dackerman@morganlewis.com

Education

Harvard Law School, 1974, J.D.
Princeton University, 1971, A.B.

David Ackerman is a partner in the Employee Benefits and Executive Compensation Practice of Morgan, Lewis & Bockius, an international law firm with over 1,300 lawyers in 22 offices around the world. Mr. Ackerman co-chairs the Morgan Lewis national ESOP Team.

Mr. Ackerman is one of the most knowledgeable ESOP lawyers in the nation, having advised hundreds of corporations and their shareholders and directors regarding the use of ESOPs in a wide variety of transactions, including leveraged buy-outs, corporate stock repurchases, ownership succession transactions, and corporate reorganizations. He also regularly serves as legal counsel to ESOP trustees and lenders, and he has served as an expert witness in several federal court cases involving ESOPs.

Mr. Ackerman is the immediate-past Chair of The ESOP Association's Advisory Committee Chairs' Council and is a past Chair of The ESOP Association's Legislative and Regulatory Advisory Committee. He also has served on the Board of Directors of The ESOP Association.

Mr. Ackerman has lectured and written extensively on the subject of ESOPs. He is the author of over 20 published articles regarding ESOPs, including the leading treatise on the fiduciary responsibilities of ESOP trustees. Mr. Ackerman speaks regularly at the annual national conferences of The ESOP Association and of the National Center for Employee Ownership and at their local and regional conferences. He has also made presentations regarding ESOPs at numerous other seminars, including programs sponsored by the American Institute of Certified Public Accountants and the American Society of Pension Actuaries; continuing legal education programs of several states, including Illinois, Minnesota, and Kentucky; and programs sponsored by the Illinois, Ohio, Michigan, and Heart of America chapters of The ESOP Association, the Ohio Employee Ownership Center, the Chicago Bar Association, the Illinois CPA Society, and many banks and other financial institutions.



Honors & Affiliations

Member, The ESOP Association (past member, Board of Directors; immediate-past Chair of the Advisory Committee Chairs' Council; past chair of the Legislative and Regulatory Advisory Committee)

Member, The National Center for Employee Ownership

Member, Technical Advisory Board, Employee Owned S Corporations of America (ESCA)

Selected as an "Illinois Super Lawyer" by other Illinois lawyers.

Appointed by the Governor of the State of Illinois to serve on the State of Illinois Advisory Task Force on Employee Ownership and Ownership Succession

Listed in Who's Who in American Law