



ESOPs & EMPLOYEE BENEFITS

Our Benefits Group knows that the purpose of a benefits program is to create a stable and motivated workforce while not imposing undue burdens or expense on the employer. Today's regulations are constantly changing, so we help you maintain compliance and help simplify the complex interpretations of law. We will always pursue the most practical approach to addressing your issues.

areas of concentration

- Employee Stock Ownership Plans
- Executive Compensation
- Business Succession Planning
- Pension and Profit Sharing Plans
- Health and Welfare Benefits
- Fiduciary Claims Litigation
- Employee Benefits in Business Transitions
- Retirement Plans for Governmental and other Tax Exempt Entities

who we are

Our ESOPs & Employee Benefits Group takes a business-oriented approach to employee benefit matters. Maintaining employer flexibility and legal compliance in the face of overlapping and ever-changing regulations requires a commitment from legal counsel to simplify the complex and a practical approach to solving clients problems. Attorneys in this group are dedicated full-time to this area of concentration.

what we do

Employee benefits have grown recently to encompass more than one-third of the compensation budget of most employers.

The benefits arena has become exceedingly complex with each new layer of state and federal regulation. Due to the continuing stream of complex and technical employee benefits legislation since ERISA, the federal government plays an active role in how you plan and administer your employee benefits programs. Every employee benefits program demands frequent reexamination in light of fast-changing federal law and regulation.

The Employee Benefits Group at Kaufman & Canoles works with the legal, financial, and human resource professionals of our clients to implement and maintain the most effective and cost-efficient benefits programs. We serve government contractors, manufacturers, sales and distribution companies, technology ventures, and non-profit organizations. We also serve banking and finance, healthcare providers and systems, and professional services firms. Our clients include international companies, publicly traded corporations and state and local governments.

what we do (cont.)

A unique distinction of the Kaufman & Canoles Employee Benefits team is our experience in structuring and counseling businesses in the establishment of Employee Stock Ownership Plans (ESOP).

The continuance of your corporate personality and the question of succession in your business may be best addressed by having one of our attorneys assist you in looking at the various options available. For example, how will the ESOP affect your day-to-day operations? How will your customers and employees respond? We can provide counseling, planning, design, and implementation of your ESOP, or S Corporation ESOP, and can structure a leveraged ESOP buyout for your company.

We have established a consulting subsidiary, Equity Strategies, LLC (webmaster@equitystrategiesllc.com) to focus on ESOP Feasibility Studies, lender searches and other services related to business succession through ESOP, and other types of structured management buy-outs.

our track record

Our attorneys design and advise on all tax-qualified pensions, profit sharing and stock bonus plans, and group and other insurance programs. We help you retain valued employees and work within your corporate objectives. We provide many services in the benefits area, including:

Executive Compensation & Tax Counsel

- Non-qualified Plans
- SERPS
- Stock Options
- Management Incentive Plans
- Golden Handcuffs & Parachutes
- Individual Retirement & Estate Planning
- 457 Plans for Tax Exempt Organizations

Qualified Plans

- Plan Design & Implementation
- Plan Amendment
- Domestic Relations Orders, QDROs & Kiddie QDROs
- Employee Stock Ownership Plans
- Plan Compliance & Corrective Procedures
- Defined Benefit, 401(k) Profit Sharing, Cross-Tested and Age-Weighted Plans

Corporate Counsel

- Benefits Aspects of Corporate Transactions
- Use of IRC's in Connection with Foreign Sales Corporations
- Executive Employment Agreements
- Insurance Funded Benefits
- Split Dollar Life Insurance
- Stock Redemption and Cross Purchase Agreements
- Salary Continuation

our track record (cont.)

Welfare Benefit Plans

- Group Health, Life and Disability, § 125 Plans
- Severance Arrangements (Individual and Group)
- COBRA/HIPAA - Health Care Continuation & Certification Requirements
- FMLA Family Leave Requirements
- Application of Federal Employment Laws to Benefits Plans

Litigation

- Benefit Claims
- Fiduciary Duties
- Tax Qualification Disputes

representative matters

- Employee benefits counsel to very large (20,000 + employees) wholesale distributor
- One of three law firms approved as employee benefits counsel for Commonwealth of Virginia and agencies thereof
- Created VEBA Trust to fund post-employment benefits of municipalities, counties and school districts throughout Virginia
- Serve as employee benefits counsel to various federal credit unions, including largest credit union in Southeastern Virginia
- Tax deferred “1042” sale of 100% of outstanding stock in Marine Hydraulics International, Inc. (MHI) to MHI ESOP in 1999; MHI’s subsequent election to be taxed as an “S” corporation resulted in a 100% tax-exempt, for-profit business entity
- Sale of 100% outstanding shares of Tecnico Corporation to Tecnico ESOP in seller financed transaction in 2003
- Formation of American Maritime Holdings, Inc. and merger of MHI and Tecnico ESOPs into AMH ESOP in 2008, resulted in creation of the largest employee-owned shipyard in Virginia
- Appealed assessment of Department of Labor penalties against large non-profit employer for failure to file timely benefit plan annual reports; negotiated reduction of \$80,000 assessed penalty to less than \$15,000
- Filed IRS correction application on behalf of large regional employer seeking correction of plan qualification failures stemming from participation in the company 401(k) plan of employees of affiliated credit union who fell outside the plan sponsor’s controlled group; convinced reviewing agent to accept correction by retroactive plan amendment
- Represented mid-sized industrial wholesaler facing audits by both IRS and Department of Labor into alleged plan improprieties based on “whistle blower” tip by disgruntled former employee; successfully convinced reviewing agents to settle investigations for nominal penalty