

LEGAL UPDATES

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Service

Employee Stock
Ownership Plans

Professionals

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IRS Approves Husch Blackwell's Pre-Approved ESOP

As many are aware, the IRS announced a few years ago that it would no longer issue determination letters regarding the ongoing qualification of your ESOP plan document, except upon termination of the plan. This means that all existing ESOP plan documents, regardless of who issued them, will no longer be properly supported by the IRS. Instead, the IRS opened its “pre-approved” program to ESOPs so that firms such as Husch Blackwell that are deeply committed to ESOPs and have a volume of plan documents could obtain approval for a form ESOP that has options embedded within it so that the document can be customized to fit your needs.

Husch Blackwell is pleased to announce that we have received official written notice from the IRS of approval of our pre-approved ESOP. IRS procedures provide for the IRS to periodically issue opinion letters approving the ongoing qualification of pre-approved plans, so our pre-approved plan will have ongoing support from the IRS unlike all existing ESOP plan documents.

We were successful in embedding within our pre-approved document our preferred language providing favorable interpretations of many open ESOP issues and provisions that are designed to reduce fiduciary risks.

We also incorporated optional 401(k) features for those clients who maintain so-called KSOPs.

In addition, we reviewed our many individually designed ESOP plan documents while drafting our pre-approved document to identify differences in features among our plans and incorporated alternatives into our pre-approved document to accommodate most ESOP plan design desires.

Contact us

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If you have any questions or would like to discuss how our pre-approved ESOP document could be advantageous to your specific needs, please contact Mark Welker, Alan Kandel or your Husch Blackwell attorney.