

# OWNERS AT WORK

The Ohio Employee Ownership Center's Magazine of Employee Ownership

*A reprint from the Summer 2007 Issue*

*www.kent.edu/oeoc*

## Book Review

Robert W. Smiley, et al., editors. *Employee Stock Ownership Plans: ESOP Planning, Financing, Implementation, Law and Taxation*. San Diego: Beyster Institute, 2007. ISBN 0-9664077-5-X. Two volumes. \$395.

*Employee Stock Ownership Plans: ESOP Planning, Financing, Implementation, Law and Taxation* is a big book. In fact, it is two big books. Two Volumes. More than 1,700 pages. 34 Chapters. 24 Appendices. Over 4,700 entries in a Statutory and Regulatory Reference Index. Summary and Detailed Table of Contents. Glossary. Index. Over 60 contributing authors who form a list of "who's who" in the ESOP world.

Wow! ... But the question that must be asked is: Is the book usable? Is the book so big and overwhelming that readers cannot locate the information they need?

The book is offered as a reference document. The Introduction and the section on "How To Use This Book" provide advice on obtaining maximum accessibility. So I tested it on three diverse topics: (1) the tax incentives available to a seller to an ESOP; (2) the fiduciary responsibility of ESOP trustees; and (3) age 55 diversification. How did the book do in answering my questions?

For tax incentives available to a seller to an ESOP, I first looked in the Summary Table of Contents. Chapter 4 on "ESOPs, Ownership Transition, and Multi-Investor Transactions" seemed like a good place to look. The Detailed Table of Contents for the chapter was very helpful. Section 4.2.3 was about the ESOP Advantage for Owners/Sellers. It explains the seller's deferral of capital gains taxes in very concise and understandable terms.

For fiduciary responsibility of ESOP trustees, the Summary Table of Contents included Chapter 10, "ESOP Trustee and Fiduciary Issues," which answered everything I would ever want to know about the fiduciary responsibility of ESOP trustees.

For age 55 diversification, no chapter had Age 55 Diversification as a heading, so I searched beyond the table of contents. Appendix 9 is entitled Sample ESOP Diversification Material and has helpful sample letters and notices, but it was not what I was looking for. Next, I checked the index. There was no category for "Age 55 Diversification" so I checked for "Diversification." I found it, but there was no subcategory for "Age 55 Diversification." However, there was the subcategory "In-Service Distributions," which I sur-

mised should include Age 55 Diversifications, and it offered several references to Chapter 18. Checking the Detailed Table of Contents on the first page of Chapter 18 led me to Section 18.4 on "ESOP Diversification Rules." It explained fully the provisions regarding age 55 diversifications. Readers without my experience and knowledge of ESOPs would likely have had more difficulty locating this information, but they would have found it.

A convenient feature is that the Detailed Table of Contents for the whole book is included at the beginning of the book and each chapter's Detailed Table of Contents is also printed at the beginning of the chapter. In addition, the Detailed Table of Contents, general Index and Statutory and Regulatory Reference Index are in electronic, searchable, Adobe format, and hosted on the book's website, which is available to registered book owners.

A reference book can become obsolete unless it is updated regularly. ESOP laws and regulations are constantly changing. This is not a problem for this book, as timely updates will be provided when needed at [www.esopbook.org](http://www.esopbook.org).

All areas relating to ESOPs are covered in the two volumes: history of ESOPs, benefit of ESOPs, selling to an ESOP, valuation, administration, communication, repurchase obligation, trustees, benefit distribution and termination. There is discussion of ownership culture as well as technical issues. In addition, the appendices include sample documents and checklists applicable for typical ESOP situations as well as the legislative history of ESOPs.

Who should read the book? Business people considering an ESOP. ESOP fiduciaries. Employee owners. ESOP service providers. University and Law Libraries. This is a book with a lot to offer.

In short, the authors have well achieved the seemingly impossible task of accumulating, aggregating, organizing, cataloging, indexing, and presenting ESOP information in a manner that is accessible and usable by readers.

— Bill McIntyre

*Bill McIntyre is Interim Director of the Ohio Employee Ownership Center. He contributed Appendix 19.2, "ESOPs: the Legacy of Russell Long," to the book. oaw*