

Family matters

The Capital ESOP Group

The client:

- A husband and wife in their mid-50's and their two children. The couple had owned and operated a successful general contracting company in California for over 20 years.

The background:

- The owners had very different goals and could not agree on a succession plan. The wife wanted liquidity to preserve the family's lifestyle and legacy; the husband did not want to give up control of the business.

The approach:

- At the request of the family's CPA, Keith Apton and Nick Francia flew to California to work with the business owners and their CFO on ESOPs.
- The Capital ESOP Group created cash flow models illustrating what a partial ESOP transaction would look like. This allowed the business owners to decide what was best for them, their company and their employees.
- The couple realized that this solution addressed both of their concerns: it would provide significant liquidity while still enabling them to retain control of the company and their legacy.

The solution and its benefits:

- The couple decided to sell 30% of their stock to an ESOP. This helped them diversify their net worth and preserve their lifestyle.
- The ESOP structure allowed them to avoid capital gains tax on the sale proceeds and retain control along with 70% of the equity/upside.
- The family now has the flexibility to decide how they want to transition the remaining 70% ownership. They have the choice between an outright sale or gifting the equity to their children.
- With the liquidity created from the partial sale to an ESOP, the family was able to build their dream home in the Los Angeles area.

Think you may have a potential ESOP deal?

1. Review our [website](#) to learn more about how we may be able to help you.
2. Review the "[Guide to ESOPs](#)"
3. To start a conversation, please reach out to:

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