

The Employee Stock Ownership Plan (ESOP) Assistance Program Fact Sheet

The Employee Stock Ownership Plan (ESOP) Assistance Program empowers business owners to explore the advantages of employee ownership. Whether planning for succession, aiming to boost employee retention, or seeking sustainable long-term growth, ESOPs offer a proven path forward. This program provides information on the strategic benefits of ESOPs and helps eliminate the financial and technical obstacles that often stand in the way of a successful transition.

What is an ESOP:

An Employee Stock Ownership Plan (ESOP) is a way for business owners to sell part, or all, of their company to their employees – all at once, or gradually, over time.

The Benefits of an ESOP:

- **For business owners** – it creates a new pathway to liquidity that doesn't rely on outside buyers, opens new doorways to succession planning, and helps ensure a company's culture will carry on.
- **For employees** – an ESOP functions similarly to a retirement plan, except its built-on company stock. Employees earn shares in the company over time, with the aim of building long-term wealth.

Program Details:

- The Assistance Program will cover up to 90% of each participating business's Feasibility Study Services, with a cap of \$35,000 per business.
 - o Feasibility study services include, but are not limited to, analysis of a business's earnings with EBITDA added back, management team and employee structure, company valuation, existing employee benefits, transaction structure, and other necessary tasks to optimize metrics for an ESOP transition. At a minimum, services must result in a detailed written assessment based on these measures.

Program Requirements for New Jersey Businesses:

- Be New Jersey-based with at least 20 employees, verified by NJ WR30 and/or NJ 927 at time of approval
- Be in good standing with NJ agencies
- Provide a current tax clearance certificate at time of approval
- Submit all required documentation at time of approval

Interested businesses should complete the [ESOP Assistance Program Application](#). For any questions regarding the program, please contact ESOPAssistanceSupport@njeda.gov.

To support this effort, New Jersey Economic Development Authority partnered with Rutgers University's School of Management and Labor Relations (SMLR) to create the Employee Ownership Education and Outreach Campaign to promote employee ownership models and the State's ESOP Assistance Program. The initiative offers educational resources such as:

- [Webinars for local business owners](#)
- Informational newsletters and handouts on the various [models of employee ownership](#), [how ESOPs help employees build wealth](#), and [transitioning to employee ownership](#)
- [Educational videos](#) featuring New Jersey ESOP [business owners](#) and [employees](#)

For more information about employee ownership please contact [Rutgers University School of Management and Labor Relations](#).