

BEYOND THE NUMBERS\$

Did You Know . . . The New Tax Law Could Affect You?

*”The trick is to stop thinking of it as
your money.”*

- Unnamed IRS auditor

The tax cut legislation passed by Congress this year is the most significant change in retirement plan law in years. The major provisions affecting employee ownership include:

S Corporations

The bill removes a degree of uncertainty for ESOP companies that have elected a Subchapter S tax status. Congress embraces the ESOP tax incentives, but the benefits of employee ownership must be broadly based. S corporations with only a few employees may fall under ESOP “anti-abuse” provisions of the new legislation; penalties for non-compliance are severe. For most existing S corporation ESOPs, the new rules go into effect after December 2004.

ESOP Dividend Reinvestment

For taxable years after December 31, 2001, companies can take a tax deduction for dividends employees voluntarily reinvest back into the ESOP to buy more company stock. Be aware you may be subject to disclosures related to securities transactions.

Contribution Limits

Changes to contribution limits and other rules make it easier to combine an ESOP with a 401(k) plan. The limits on annual additions, eligible salary, and maximum amounts, as well as elective deferrals have all been modified. Generally, for ESOPs, the current contribution limit of 15% of eligible pay for non-leveraged ESOPs and S corporation ESOPs has been increased to 25%.

Make sure you know how the change in tax law affects you!

*“Death and taxes may be certain, but
we don't have to die every year.”*

- Unknown

**Contemplating a stock transaction?
Looking to acquire another firm?
Need information on financial
structuring?**

Contact ESI

**We can provide insights on transition
options and strategic financial
planning.**

Look How Far We've Come!

The past several years will be forever significant in the Company's history. From Scott Miller, CPA, CVA, as lone entrepreneur back in early 1998, to the advent of Patty Putnam, Sandy Paavola, and Greg Carlson, Enterprise Services, Inc. has made a giant leap toward sharing national status as a leading expert in ESOP valuations.

Many of you know Scott Miller, our President and founder, since he is often your first introduction to ESI. Scott has augmented his extensive experience by obtaining the Personal Financial Specialist (PFS) credential. He continues to focus on business development and share his expertise with others through seminars in professional organizations.

With hundreds of ESOP valuations "under his belt", our Vice President, Greg Carlson, CPA, CVA, is an invaluable asset to ESI. His knowledge and professionalism have encouraged our continued strong relationships with many closely held businesses in a diverse industry base.



Besides being our in-house IT expert, Sandy Paavola continues to broaden her writing responsibilities and business operations role. She is instrumental in writing new reports, implementing best practices and procedures, as well as assisting in the establishment of long term goals for ESI.

Patty Putnam enjoys the client communication, financial management, and all the diversity that the daily administration of a small business brings. Patty's management skills are a significant factor in maintaining the daily operations of ESI.

Finally, our move to a lovely new suite of offices in Delafield, Wisconsin early in 2000 helped accomplish the enhanced efficiency and professional environment the

Company demands. While we continue to broaden our capabilities as financial consultants to closely held businesses for a variety of purposes, who knows what the future may hold for the continued growth of ESI. We'll keep you posted! In the meantime, we wish all of our clients and professional colleagues the very best in the upcoming year!

ESI—Beyond the Numbers
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