



MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Mergers, Acquisitions, and Plans: Oh My!

Presented by Multnomah Group and Moss Adams LLP

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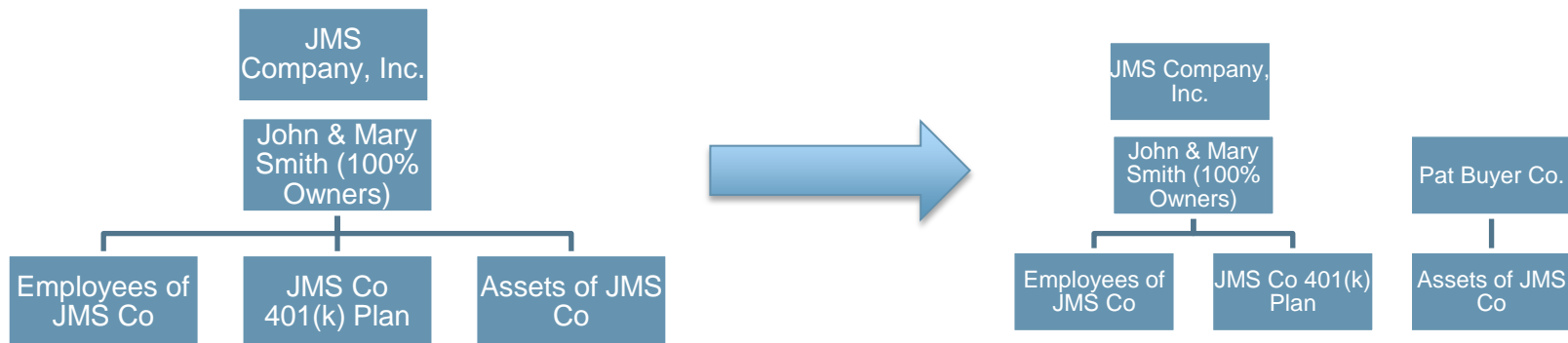
Agenda

- Defining the Business Transaction (Asset vs Stock Sale)
- Impacts and Decisions for a Seller's Plan
- Impacts and Decisions for a Buyer's Plan
- Special Considerations for 501(c)(3) Non-Profit Organizations
- Questions

Asset and Stock Acquisitions

Asset Sale

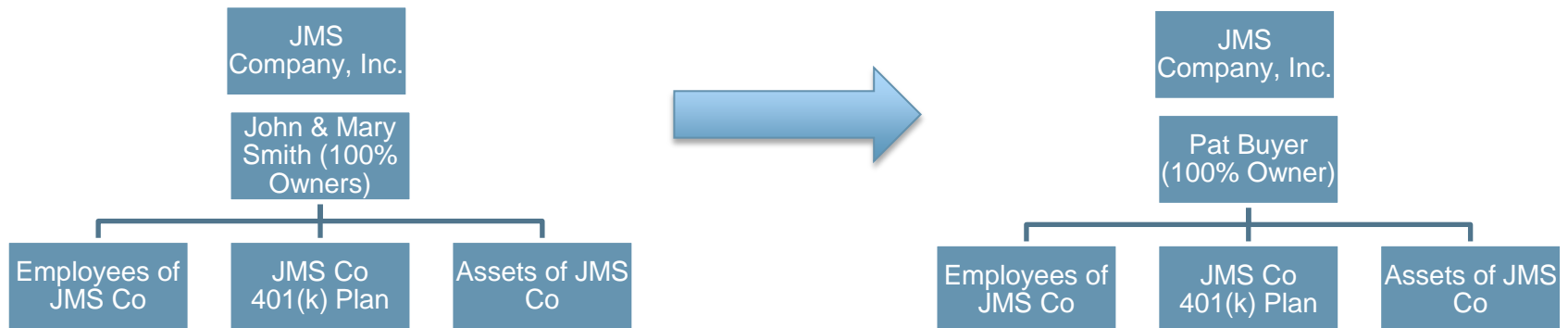
- Transaction Involves – Company Assets
 - Equipment
 - Client List / Data
 - Intellectual Property Rights
- Company Ownership – Unchanged
- Employee Status – New Employer (if hired)
- Plan Status – Partial Plan Termination (often)
- Plan Sponsorship
 - Original owner/entity still sponsors
 - Buyer may enter agreement to assume the plan sponsorship



Asset and Stock Acquisitions

Stock Sale

- Transaction Involves – Company Ownership
- Company Ownership – Changes to Buyer
- Employee Status – Continues Under Same Entity (new owners)
- Plan Status – No Change (unless amended, terminated, etc.)
- Plan Sponsorship
 - Entity is still the sponsor
 - Buyer steps into “plan sponsor” shoes as owner of entity



Impact on Seller's Plan

If the seller sponsors a qualified plan, and it's a(n)...

Asset Sale	Stock Sale
Sponsorship → No change	Sponsorship → New owner(s)
Plan Termination → Optional	Plan Termination → Timing Impact
<ul style="list-style-type: none"> ➤ Sponsor can terminate plan if shutting doors 	<ul style="list-style-type: none"> ➤ Sponsor can terminate plan <u>prior</u> to sale
<ul style="list-style-type: none"> ➤ Sponsor can continue plan if entity still operates 	<ul style="list-style-type: none"> ➤ Buyer as sponsor can continue plan
<ul style="list-style-type: none"> ➤ May cause Partial Plan Termination with reduction in workforce 	<ul style="list-style-type: none"> ➤ Buyer can terminate after sale IF buyer does not have a successor plan (e.g. another 401(k))
<ul style="list-style-type: none"> ➤ Option to transfer sponsorship to buyer of assets (amend sponsor of plan), or spin-off and transfer assets 	<ul style="list-style-type: none"> ➤ Buyer can freeze plan after sale if termination is not permitted; and/or buyer can merge plans

Plan considerations – accounting/reporting

Impact of plan merger

- Sponsorship of plan passes to buyer or stays with seller?
- Asset to asset transfers
- Cutoff of disbursements and receipts
- Inherited plan qualification issues

Impact of plan termination

- Final determination termination letter
- Final forms 5500
- Final audits
- Liquidation basis of accounting
- Defined benefit plan considerations

Impact on Buyer's Plan

If the buyer sponsors a qualified plan, and it's a(n)...

Asset Sale	Stock Sale
Service Recognition → Amendment	Service Recognition → Automatic
Eligibility → Plan Terms OR Amended	Eligibility → Consider Past Service
Coverage Transition → N/A	Coverage Transition → Relief Available (See Document)

Summary of Plan Impact and Options

		Stock Sale	Asset Sale
Buyer's Plan	Acquired employees may participate...	Via amendment/ participation agreement if under separate taxable entity; Yes, if a direct employee of the buyer/plan sponsor	Yes, if hired as a new employee of the buyer's company
	Service is recognized for:	Required	Optional (via plan amendment)
	Eligibility		
	Vesting		
Allocations			
Seller's Plan	Plan Sponsorship... (responsibility for maintaining plan)	Transfers to buyer	Retained by seller
	Plan Termination... (timing)	Prior to sale date; OR plan may be frozen and/or merged but not terminated <u>if</u> buyer maintains its own plan	At any time; seller may continue to operate plan or terminate

Q&A

Questions?

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