S. 2403

FACT SHEET

RETIRE THROUGH OWNERSHIP ACT

AUTHOR: SEN. ROGER MARSHALL (R-KS) | SENATE VOTE: UNANIMOUS CONSENT

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BACKGROUND

- Employee Stock Ownership Plans (ESOPs) let workers build retirement savings by owning stock in their company. When an ESOP buys stock in a private company, an independent appraiser helps determine what that stock is worth.

THE PROBLEM

- The Department of Labor (DOL) has not yet finalized clear rules for how private company stock should be valued in an ESOP transaction.
- That leaves ESOP trustees without a clear federal standard to follow when deciding whether the price is fair—creating uncertainty and legal risk for trustees and businesses.

THE SOLUTION

- S. 2403, *Retire through Ownership Act*, gives ESOP trustees a clearer rule to follow.
- If an independent appraiser follows the Internal Revenue Service's longstanding guidelines to determine what a company is worth, the ESOP trustee can rely on that appraisal to decide if the price is fair.
- Trustees must still protect workers' retirement savings, and DOL can still set rules for ESOP valuations.
- The Senate passed S. 2403 by unanimous consent, and the House Education and Workforce Committee unanimously approved its House companion, H.R. 5169, authored by Rep. Rick Allen (R-GA).

THE BOTTOM LINE

S. 2403 means clearer rules that make it easier for companies to become employee-owned—giving more workers a chance to build wealth and save for retirement.