TechFlow

100% EMPLOYEE-OWNED COMPANY

In 2016, TechFlow's founders made the decision to sell the company to their employees through a remarkable arrangement known as an ESOP. They saw the benefits of this powerful model for the company, employees and customers. As a 100% employee-owned company, our team members are intrinsically motivated to ensure our customers' success. This model allows us to foster a rewarding, entrepreneurial culture where creativity and novel thinking are the way we solve our customers' problems every day.

There are thousands of companies across all industries that have successfully implemented similar plans and ownership models. One of the hallmark properties of all ESOPs is that the employees are never asked to pay for their ownership. Instead, the company pays the purchase price using its ongoing profits.

What is an Employee Stock Ownership Plan - ESOP

An employee stock ownership plan is a qualified defined-contribution employee benefit plan designed to invest primarily in the sponsoring employer's stock. Since ESOP shares are part of employees' remuneration for work provided for the company, companies can use ESOPs to keep plan participants focused on corporate performance and share price appreciation. By giving plan participants an interest in seeing the company's stock performing well, these plans encourage participants to do what's best for fellow employee-owners, since the participants themselves are shareholders. Companies provide employees with such ownership often with no upfront costs. The company may hold the provided shares in a trust for safety and growth until the employee retires or resigns from the company. Companies typically tie distributions from the plan to vesting — the proportion of shares earned for each year of service — and when an employee leaves the company.

> *At TechFlow, we believe in engaging each of our employees as owners to motivate and inspire them to help our company achieve industry leadership and business success. Each employee owner has a vested interest in shaping the future of TechFlow.*

The Benefits to Employees

In addition to a 401k, an ESOP can provide an employee with significant retirement assets if the employee is employed by the company for a significant period of time and the employer stock has appreciated over the years to retirement. The ESOP is generally designed to benefit employees who remain with the employer the longest and contribute most to the employer's success.

Employees are not taxed on amounts contributed by the employer to the ESOP, or income earned in that account, until they actually receive distributions. Even then, "rollovers" into an IRA or special averaging methods involved in the income calculation can reduce or defer the income tax consequences of distribution. When the employee's participation in the ESOP ends, they are entitled to their share of the "vested" benefit according to a schedule incorporated into the ESOP document. Distributions may be made in stock or cash.

The ESOP makes "coworker" synonymous with "partner" and gives each employee a true sense of ownership and invested interest in company growth more than any privately owned or publicly-traded company can offer. Engaging in meaningful work, taking ownership of the process, and reaping the financial rewards of the company's success through the TechFlow ESOP are among the many reasons why talented individuals seek to join our organization.