YOUR LEGACY, THEIR FUTURE

Canada is entering the largest business succession transition in its history.

For owners thinking about:

- A fair market value sale
- A controlled and values-aligned exit
- Protecting employees and community impact
- Keeping their company Canadian

The Employee Ownership Trust (EOT) is an option for you.

The $10 Million Capital Gains Incentive

Qualifying EOT transactions* are eligible for a $10 million capital gains exemption.

This represents one of the most significant tax-supported succession opportunities available to Canadian business owners.

The window is open.

Considering Your Exit?

Your succession decision will shape more than your retirement. It will shape your company's future.

To learn more, explore our resource library, or attend a webinar, visit:

Employee Ownership Canada

www.employee-ownership.ca

info@employee-ownership.ca

EMPLOYEE OWNERSHIP | CANADA | EMPLOYÉ•S PROPRIÉTAIRES

CANADA'S NEWEST BUSINESS EXIT STRATEGY:

THE EMPLOYEE OWNERSHIP TRUST

Your Legacy, Their Future

WWW.EMPLOYEE-OWNERSHIP.CA   EMPLOYEE OWNERSHIP CANADA

Why Business Owners Are Choosing EOTs

1. A Real Succession Solution

Another option to address the “silver tsunami” quote of SME-business owner retirements.

2. Keep Your Business Canadian

EOTs anchor ownership locally, protecting jobs, community impact, and long-term stability.

3. Preserve Culture & Legacy

Unlike many third-party sales, EOTs prioritize continuity, employee engagement, and long-term stewardship.

4. Strengthen Performance

International evidence from the U.K. and U.S. shows employee-owned firms often demonstrate:

- Higher productivity
- Faster growth
- Stronger retention
- Greater employee engagement

What are Employee Ownership Trusts?

New Canadian legal structure established in 2024. Designed to facilitate the sale of companies to its employees.

Employee Ownership Trusts own shares on behalf of all a company’s employees, who become beneficiaries.

Business owners are paid fair market value, often financed with debt and future company cash flow.

Canadian EOT is based on similar models in the U.S. and U.K. where experience shows employee owned companies grow faster, are more productive and have happier and better compensated employees.

WWW.EMPLOYEE-OWNERSHIP.CA EMPLOYEE OWNERSHIP CANADA

How is the EOT different from other kinds of employee ownership?

EOTs are not:

- stock option plans
- minority share programs, or
- employee share purchase plans

These programs create partial participation.

EOTs are a full succession strategy.

- All employees are beneficiaries
- No individual buy-in
- No personal financial risk
- Designed for long-term ownership transition

A typical EOT transaction

1. Owner decides to sell shares of their Company.
2. Seller sells shares to an Employee Ownership Trust.
3. Seller (backed with bank financing) provides a loan to the EOT to pay for the shares.
4. Over time, the company cash flow is used to repay the loan.
5. As the loan is paid down, excess cash flows to the employees of the company and/or reinvested in the business.