



July 23, 2025

The Honorable Roger Marshall  
Russell Senate Office Building  
Suite 479A  
2 Constitution Ave NE  
Washington, DC 20002

The Honorable Tim Kaine  
United States Senate  
231 Russell Senate Office Building  
Washington, DC 20510

Dear Senators Marshall and Kaine,

The ESOP Association is proud to endorse the *Retire through Ownership Act*, essential legislation that strengthens the foundation of employee ownership in America by providing legal and regulatory clarity that will reduce barriers to the creation and operation of employee stock ownership plans (ESOPs). By ensuring that fiduciaries may in good faith rely on the professional work product of independent expert business appraisers who utilize the well-established valuation practices as described in IRS Revenue Ruling 59-60, this bill will help protect employee owners, encourage more businesses to consider transitioning to employee ownership, and ultimately expand access to the proven benefits of ESOPs.

The *Retire Through Ownership Act* would reduce uncertainties for fiduciaries, plan beneficiaries, and the courts by clearly explaining that an ESOP plan fiduciary may in good faith rely on appraisals based on the longstanding and well-accepted principles and methodologies of IRS Revenue Ruling 59-60. Without clear legislative or regulatory guidance, ESOP fiduciaries have been required to operate under a cloud of uncertainty and potential liability, even when they are acting prudently and in good faith by hiring qualified, independent business valuation experts. As this guidance is currently non-existent, this bill provides much needed clarity.

IRS ruling 59-60 is well understood and broadly accepted and recognizes the myriad factors a professional business appraiser should consider in forming a valuation for closely held businesses. By properly aligning ERISA with long-existing valuation guidance, this legislation prevents the development of multiple competing, or even conflicting, processes or procedures within federal policy, thereby limiting the risk of conflicting interpretations by courts or

**The International Employee Ownership Center**

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regulators. For more than 60 years, both government officials and private sector business appraisers have successfully relied on the guidance of this IRS ruling.

Research consistently shows employee-owned companies exhibit higher productivity and stronger resilience during economic downturns. Employees at these companies enjoy enhanced financial security, with substantially higher retirement savings compared to their peers at non-employee-owned companies. Furthermore, employee-owned companies anchor jobs within local communities, preventing job losses from closures or foreign acquisitions and preserving the legacy of family-owned businesses. This legislation would make the formation of new ESOPs easier and operating current ESOPs less cumbersome. This, in turn will expand benefits and help employees build wealth and strengthen retirement security without increasing the cost to taxpayers.

For these reasons, The ESOP Association enthusiastically endorses the *Retire through Ownership Act*. We applaud Senators Marshall and Kaine for their bipartisan effort in championing such important legislation. If you have any questions, please contact Greg Facchiano, Vice President of Government Relations and Public Affairs, at (202) 293-2971 or [gfacchiano@esopassociation.org](mailto:gfacchiano@esopassociation.org).

Thank you for your leadership and continued support for ESOPs and employee ownership.

Sincerely,

A handwritten signature in dark ink, appearing to read "James J. Bonham", with a long horizontal flourish extending to the right.

James J. Bonham  
President & CEO  
The ESOP Association

### **About The ESOP Association**

The ESOP Association is the largest organization in the world supporting employee-owned companies, the nearly 11 million U.S. employee owners who participate in ESOPs, and the professionals who serve them. We conduct and fund academic research, provide education and technical assistance, and represent the ESOP community before federal and state lawmakers.