



Let us help you manage your benefits cost and risk.

Mergers and Acquisitions/Corporate Restructurings

When you are contemplating a merger, acquisition or spin-off, everyone is focused on the overall financial impact of the transaction and certain major human resource issues are usually addressed. However, in many cases the hidden benefit costs are overlooked and cause problems later. In the case of a merger or acquisition, it is important that all opportunities for cost savings are identified in advance, that all due diligence is planned and actually occurs, and that all integration issues---including both the hard dollar savings and “soft” dollar issues like cultural integration and fit, leadership identification and development, etc.---be considered. Likewise, these issues are also critical in connection with any other type of corporate restructuring, e.g., spin-off. In many cases the company’s benefit plans are the last items considered and only minimal due diligence/planning is done. Failure to properly consider the employee benefit plan issues can result in large liabilities and decreased morale among the company’s employees.

Bartlett O'Neill Consulting has significant experience in working with companies in this area. We can help you plan for and achieve dramatic cost savings in conjunction with your contemplated merger, acquisition and/or corporate restructuring. In many instances your Human Resource Department is understaffed to handle the additional due diligence and/or planning that is involved in these transactions. Some of the ways we can help you include:

- ❖ **Plan administrative reviews** – Conducting these reviews means that any areas where the retirement and health and welfare plans have not complied with the myriad government regulations are identified and corrective action is taken to avoid the imposition of large penalties when the issues are discovered by the Internal Revenue Service or the Employee Benefits Security Administration. In the case of a merger or acquisition, the identification of issues before the merger/acquisition agreement is executed can result in the costs of any corrective action being born by the acquired company. The merger of an acquired company’s retirement plans with your plans can result in significant cost savings. However, if the acquired company’s plans have not complied with all of the government rules and regulations, then the cost savings can quickly result in significant penalties that are assessed by the governmental agencies.
- ❖ **Vendor search and selection** – The combination of plans presents a great opportunity to look at your current vendor arrangements for your trustee, administrator, investment managers, and insurance carriers. With larger employee populations/increased plan assets you can usually save significant dollars. For example, on your 401(k) plan you may be able to negotiate to have some of the plan expenses paid with “soft dollars” that are built into the mutual fund yields.
- ❖ **Vendor transition services** – The failure to properly set up a plan on the new provider’s system can result in the plan not operating in accordance with its governing documents. This can result in penalties assessed by the governmental agencies or lawsuits by the plan participants and beneficiaries. Even if the decision is made to stay with the company’s current providers it is important that the participants and beneficiaries of the acquired plans have the correct data and information recorded in the plans’ records.
- ❖ **Employment Tax Savings Opportunities** – Implementation of a Supplemental Unemployment Benefits Plan (SUBP) can eliminate FICA payments for both the employer and employee for termination payments made to former employees. Depending on the circumstances, these plans can save employers \$5,000 or more per employee.



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- ❖ **Tax Consulting** - We evaluate and propose alternative tax-efficient structures, confirm whether each alternative may frustrate subsequent integration and exit strategies and conduct federal, state and local tax due diligence on the targets. In this regard, we evaluate each client's sales and use tax, excise tax, fuel tax, IRP (prorate) tax, real and personal property taxes, franchise taxes, and income taxes and propose proactive tax planning solutions in concert with sound financial planning and modeling resulting in solid value and a decisive reduction in each client's overall effective tax rate.