Questions to Ask Early On in Your EOT Journey

This checklist empowers business owners with the right questions to ask key stakeholders (e.g., attorneys, banks, other companies, etc.) during the EOT exploration process.

The checklist was first used at the EOT Workshop at the 2025 NCEO Forum by presenters Meg Anderson, Nicolas Sasso, and Jason Wiener. It was further developed by the NCEO EOT Peer Network on December 11, 2025, and was edited by Elizabeth Nedrow in early 2026. This resource will be continuously updated and expanded for the NCEO's EOT resource library. To propose new questions, please reach out to us at education@nceo.org.

Table of Contents

Questions for Business Owners Who Have Travelled the EOT Path

Talk to companies who've already made the transition. They'll tell you what worked, what didn't, and what they wish they'd known upfront. Real experience beats theory every time.

1. What were your initial values and goals going into the process?
2. What service providers did you work with, who did which parts, and what was the experience like working with them?
3. How many of the service providers do you still work with now that the transaction is complete?
4. How did you communicate the change to your employees? What kind of questions and responses did they have?
5. Did you run valuations from an ESOP perspective as well as an EOT perspective? If so, were the valuations pretty close or significantly different?
6. What type of purpose(s) did you put in place with your setup?
7. How do you approach profit sharing under your model?
8. Who decides how much profit sharing will be and how it will be determined?
9. Have you encountered any problems since transitioning to an EOT? Anything we could learn from?
10. Why did you choose an EOT over an ESOP, given the tax free option for 100% S corp ESOPs?
11. Did you do 100% seller financing or a mix of that with outside financing? What's the loan term, rate, and any specifics you feel comfortable sharing?
12. If you received outside financing, who was the lender? Did you have any issues with them?
13. How long did the overall process take? What was your approximate total cost?
14. Have you had any issues related to filing taxes? Is it taxed as C corp at 21%?
15. Did you have to set up the trust in another state? There are some states that don't allow perpetual trusts or impose a time limit even on "perpetual" trusts.
16. How many people are on your trustee stewardship committee? And your corporate board? Is there any overlap? What is the mix of owners, employees, and independents for each?
17. Anything you wish you'd done differently (or that you've changed in the meantime)?

18. Are you doing any financial literacy programs for your employees? What about open book management practices in the business?
19. How often are you sharing profits with your employees (monthly, quarterly, etc.)?
20. How long before your employees are eligible for your profit-sharing plan?
21. Is the profit sharing in addition to a qualified retirement plan, such as a 401(k)? Do you also offer matching for your retirement plan? How do the bonuses and the retirement plan work together?
22. How does the EOT model work with programs like Certified B Corporation or other certifications important to your business?
23. Can you describe your EOT's governance structure?
24. What model or models did you follow in setting up your governance structure?
25. How do you make sure that the purpose of your trust is carried out?
26. How does your trust committee and your board of directors interact?
27. Are you concerned about the longevity of the EOT?
28. How will you ensure that you have effective succession in key roles such as the trust committee, trust enforcer, and board of directors?
29. Did you consider and/or select a corporate trustee or trust enforcer, or are those roles filled by individuals?
30. Did you have multiple owners of your business, and did they retain their ownership? How did that work?
31. What financing options were available to you for your EOT transaction, and how did you decide the path ahead?
32. Did you pay off the loan first before starting profit sharing, or did you start profit sharing right away?
33. What other purposes did you consider beyond employees?

Questions for Primary Service Providers Who Will Help You Establish Your EOT

Get clarity on what you're buying before you sign anything. Know the scope, the price, the timeline, and exactly where their work ends and yours begins.

1. What services do you provide?
2. How are they priced?
3. Are there phases to how you work? What are they, and what is included for each phase, including pricing?
4. What services do you NOT provide?
5. Do you help connect us with additional service providers that we will need, such as attorneys?
6. Is there anything we'll have to do differently on the bookkeeping side or that our accounting team and CPA/tax prep team would need to know about?
7. How long does the overall process take?
8. What valuation models do you typically use?
9. What does your process look like for helping us define what the purpose of the trust will be and how we share profits with employees and/or with other causes?
10. Do you work remotely, in person, or hybrid? Is it the same or different for each phase?
11. Do you ever work with other service providers that might even be considered competitive? Under what circumstances?
12. What conferences and other resources will be most helpful as we go through this process?
13. How can we give back to this community of impact-oriented owners and business leaders once we've completed the ownership transition?
14. Is there anything you wish more business owners did differently when going through this process?

Questions for Attorneys Who Will Help You Establish Your EOT

The legal structure determines everything—your taxes, your flexibility, and whether this thing actually works. Don't be shy about asking for specifics and examples.

1. For all of the following questions, are these things that our consultant or other service provider will take the lead on, or are they issues that you typically handle?
2. Who creates the trust? All of the sellers? The majority owner? Or will the company be the one to transfer shares to the trust?
3. What type of trust is used for these transactions?
4. What is an intentionally defective grantor trust (IDGT), and why would a company use one?
5. Are there any ways to minimize taxation for the sellers? What do you need to know to help forecast our potential taxation in an EOT transition?
6. Are there any pitfalls or downsides of an EOT (e.g., not tax-free)?
7. Would we need to create the trust in another state (law against perpetuities)?
8. Does the company convert to a C corp pre- or post-sale? Does the EOT buy S corp stock or C corp stock?
9. Does the company distribute any profits to the trust? If so, what would those taxes be (compared to the 21% corporate tax rate for the company)?
10. Can the trust be modified at a later time? Who has authority to amend which parts, and under what conditions? Who decides that: state law or grantors/former sellers?
11. Are all employee benefits considered when thinking about profit distribution (e.g., health insurance, retirement plan contributions, bonuses, etc.)?
12. Have EOTs been proven to hold up in legal or tax challenges? Who would be likely to challenge one of these?
13. What are the legal mechanisms that will be used in the trust and corporate documents that will ensure that the EOT purpose is carried out?
14. Do you recommend that the corporate and trust documents hard code provisions for profit sharing, or is flexibility the better path?
15. How do we balance profit sharing with paying off the note, providing for future company growth, and compensating our executives?

16. What should definitely be included in the trust document?
17. What should definitely be omitted from the trust document?
18. Who acts as a trustee? Is a trustee board advised?
19. Who appoints the trustee or the trustee board members?
20. How much overlap is recommended between corporate board of directors and trust board?
21. Is the trust or a representative of the trust normally on the corporate board of directors?
22. What language can we include that prevents the possibility of the company to be sold later?
23. Is it possible to defer capital gains on the sale to an EOT by electing the 1042 rollover like with an ESOP?
24. What if the company underperforms? What are our options?
25. For sellers with a note, are they allowed to stay on the board until the note is paid off?
26. Are sellers able to keep health insurance through the company, at least during the seller note period? How does that work?
27. Are there requirements around how profits must be shared with employees?
28. What legal specialties are typically involved in EOT transactions? If our current attorney doesn't have experience with EOTs, what types of specialists should we bring in?
29. What if we don't like our trustee or someone on the Trust Stewardship Committee? Who has authorization to replace them?
30. How do professional organizations (e.g., mental health practices) handle the licensing requirement that owners must be licensed professionals?
31. What are the state-specific trust law issues we need to know about? For example, does it matter where we sit the trust if our business operates in a state like North Carolina?
32. Why do attorneys give such wide cost ranges for EOT work, and how can we narrow that down before getting quotes?
33. Can we set up an EOT structure now that takes effect at a future date for estate planning purposes?
34. Where can we access sample trust documents and templates to understand what decisions we'll need to make?
35. What is your role with the company after the transaction is complete?

Questions About Financing

The numbers have to make sense, or the whole deal falls apart. Understand the note terms, the payoff timeline, and how profit sharing fits with debt repayment.

1. If we already went through a recent ESOP valuation and feasibility study, do we need to do a new one with the EOT in mind?
2. What is the normal note duration for an EOT?
3. How flexible is the note in terms of duration and interest rate?
4. If I want to help the company, what is the lowest rate I can put on the note without the IRS viewing the transaction as a gift?
5. Do the terms of the note allow prepayment without additional fees?
6. Do the terms of the note give the company any flexibility if profits are lower than expected?
7. Are there any advantages to contributing/gifting some shares to the EOT?
8. Can you gift shares if some of the shares are held in a trust rather than by a person? For example, if you wanted to fund a private/family foundation or other type of nonprofit entity? Are there other ways to fund a foundation through this process?
9. What if I already have a phantom stock program, management incentive plan, Class B shares, or things like that? How do those fit in with an EOT?
10. Will the company have trouble getting a loan or other types of outside financing for its normal operating activities? Are banks or other lenders familiar with or comfortable with EOTs?
11. What are the implications for the EOT transaction if the company has existing financing tools, especially SBA loans like the COVID-19 Economic Injury Disaster Loan (EIDL), which require subordination of all other loans and lines of credit?