



## Financial Institutions

### Subchapter S

Why an S-Corporation? S-Corporation status can result in enormous savings in federal and state taxes and can enhance the tools available to manage the corporation's shareholder base.

*"Our three S-Corporation banks all earned over 20% in ROE last year. S-Corporation is the way to go!"*

**G. O. Persons III** – President  
Persons Banking Company

While the S-Corporation structure may be advantageous to community banks, many cannot utilize this structure because S-Corporations are only permitted to have a limited number of shareholders. However, recent legislation has expanded the number of permitted shareholders and corporate techniques that permit providing excess shareholders fair value for their shares are readily available. Our attorneys are highly skilled in structuring financial institutions to achieve maximum profitability and management efficiency through Subchapter-S conversions.

We have analyzed the following factors for clients considering a Subchapter-S conversion:

- Appropriate number of shareholders
- Impact on officers, directors and employees and their stock options
- Cost
- Impact on capital and dividend policies
- Impact on cashed-out shareholders, including customers and local residents
- Impact on future transactions and the ability to raise capital
- Potential regulatory issues
- Presentation to community