



How Does the Retirement Plan Make an Additional Investment Into the Company?

STEP

1

Have a third party valuation of the company.

The valuation serves two purposes:

1. It determines at what value the new shares will be issued.
2. It provides documentation to the Trustee of the plan to support their investment decision.

STEP

2

Transfer funds to retirement account.

- You will send a copy of the statement from where the funds are currently held to FranFund. We will facilitate the transfer of funds into the retirement account.
- This step can happen simultaneously with Step 1 as long as there is no concern about the results of the valuation.

STEP

3

Review of completed valuation.

- Upon completion, the valuation report will need to be thoroughly reviewed by the Trustee to ensure that the investment is still sound. The Trustee holds the fiduciary responsibility to act in the Plan's best interest.
- A copy of the report should be sent to FranFund.

STEP

4

Investment/transfer of funds.

After all steps above are complete, the Trustee will instruct the custodian to transfer the specified amount from the retirement account to the company's checking account.

STEP

5

Issuance of stock certificates.

After the wire is successfully sent, your custodian will contact FranFund with the date and amount of the second investment. FranFund will prepare the stock certificates using the new per share values as dictated by the valuation. They will be delivered by email and a hard copy will be mailed to retain in your binder.





Frequently Asked Questions

What kind of valuation do I need?

The IRS is not specific as to what type of valuation report they require. FranFund can refer you to a valuation company that is familiar with how our clients are funded. They have multiple valuation products to choose from.

How much does the valuation cost?

Cost will depend on what type of valuation product you choose and the amount of time and effort that is involved in preparing the report. The estimated cost can range from \$400 to \$2,000.

What is fiduciary responsibility?

A fiduciary is a person who has a responsibility to care for the assets of another person, or entity. In this case the Trustee is the fiduciary of the Plan. The Trustee is the person responsible for making prudent, responsible investments with the plan assets. You must avoid conflict of interest when acting as a fiduciary of the plan.

How long will the valuation take?

The timeframe will mostly depend on the complexity of the valuation product chosen and the valuation company's current workload. After you provide all of the required documentation to the valuation company, the report can be prepared in approximately two weeks.

How long is my valuation report valid?

It depends on what happens to the company after the report is complete. 60 to 90 days is a general guideline, but it depends on activity.

