

Speaking Engagements | August 22, 2024 | 12:00 PM - 2:10 PM ET

# Partnership Profits Interests: What Attorneys Should Know

Virtual

## SPEAKERS

Thomas Gray | Joshua S. Gelfand

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**Thursday, August 22 • 12:00 – 2:10 p.m. ET**

Session I – Understanding and Structuring Partnership Profits Interests – Joshua S. Gelfand

This session will provide a general synopsis of profits interests. Troutman Pepper Partner Josh Gelfand will cover what a profits interest is, how it differs from a capital interest, and what is needed for a partnership interest to qualify as a profits interest under the “safe harbor” provided in IRS Revenue Procedures 93-27 and 2001-43. In addition, Josh will discuss common structures for issuing profits interests and the potential benefits (including tax benefits) and tradeoffs for both issuers and individual grantees of profits interests as compared to other forms of incentive equity (e.g., stock options).

Josh will also touch on the typical documentation for granting profits interests (i.e., grant agreements, partnership agreements and, potentially, profits interest plan documents), as well as common provisions like vesting, forfeiture, distribution rights, and repurchase rights.

Key topics to be discussed:

- Understanding profits of interests
- Granting and structuring profits interests
- Documentation
- Tax treatment of profits interest

Session II – Compliance and Regulatory Issues, & Risks and Pitfalls – Thomas Gray

This session will explore various issues regarding profits interests. Troutman Pepper Partner Tom Gray will delve into the drafting of partnership agreements, common structures of partnership agreements, how to incorporate the concept of profits interests, and how the partnership agreement interacts with the grant agreements. Tom will review common errors in granting profits interests, how to avoid those errors and the misconceptions that some

people have with respect to the tax implications of profits interests. Tom will then review whether any filings need to occur with respect to the issuance and receipt of profits interests.

Key topics to be discussed:

- Drafting of partnership agreements and incorporating profits interests
- Common mistakes that can occur with respect to issuance of profits interests
- Filings that are applicable to the issuance and receipt of profits interests

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