

An employee owned company

Based in Columbus, OH, Atrium Centers Inc. is a leading provider of short-term post-acute rehabilitation and long-term nursing care in 44 communities across Ohio, Michigan, Kentucky, and Wisconsin. Atrium has a strong and deep history of taking care of others and making a positive impact on people's lives. They have 4,000 nonunion employees who serve nearly 4,000 patients across their award winning communities.

Since caring and skilled staff members are the foundation of the company's success, Atrium reached perhaps its most significant milestone in 2012. It transferred ownership from a small group of private investors to Atrium employees.

The creation of this employee benefit has been a long standing goal of the founders. Jason Reese, Atrium's President and Chief Operating Officer, stated, "The Company believes strongly in taking care of people and that includes our employees. We wanted to provide our employees an opportunity to not only execute the mission, but to own a piece of Atrium's growth and success. Ownership will align work with the desired company results. Every associate plays a role in the success of Atrium Centers Inc."

About the employee ownership structure

Atrium accomplished this transfer of ownership to employees through the establishment of an Employee Stock Ownership Plan (ESOP). All employees were granted ownership status, which provides several key benefits.

Working toward a common goal

Everyone is incentivized and motivated to work toward a common goal: accomplish Atrium's mission. Now the organization is able to make an even greater impact on people's lives by being united and working toward a greater purpose.

Financial reward for employee owners

Since everyone plays a role in the success of Atrium, reaching the goals of the organization also has a second benefit—financial rewards. Annual company contributions are one way your account value can grow. The performance of Atrium itself is also an important factor in determining the value of the shares allocated to your ESOP account. If Atrium is successful in reaching its mission and earning a reasonable profit, there is a good chance the share value will increase. That means the ESOP may provide extra funds for your retirement.

This employee ownership structure represents the realization of a dream for many people; it's completely in sync with the goals of our patients and the organization. Employee ownership has become a cornerstone of the Atrium culture.

How the Atrium ESOP works

The Atrium ESOP creates a direct link between organizational goals and employee goals through employee ownership. Shares of Atrium stock are allocated to individual employee accounts on an annual basis. Employees who are a part of an ESOP are referred to as participants. As participants gain longevity in the ESOP, they acquire an increasing right to the value of the shares allocated to their accounts; this process is known as vesting. When participants retire or leave Atrium, they have a right to immediately access the fair market value of their vested shares. ESOPs are defined by ERISA legislation, the IRS, and the DOL as defined contribution retirement plans (similar to Atrium's 401(k) Plan).

Since Atrium is a privately held corporation none of these shares are traded on a public stock exchange. The share value is determined by an annual appraisal performed by an external independent valuation firm.

A snapshot of the Atrium ESOP

Here are some of the features of the Atrium ESOP.

- Anyone who was an active employee with Atrium on December 27, 2012, is immediately eligible. Anyone hired after this date will be eligible upon the completion of 1 year of service and attainment of age 18.
- Employee contributions are not permitted in the ESOP. Instead, employees are encouraged to contribute and participate in the 401(k).
- Atrium's contributions to the ESOP take place in employer stock. All participants who complete 1,000 hours of service during the plan year and are employed as of the end of the plan year (December 31), will receive shares of stock for that year.
- Vesting, or ownership, of your ESOP shares follows this 6-year schedule:
Year 1 – 0% Year 2 – 20% Year 3 – 40% Year 4 – 60% Year 5 – 80% Year 6 – 100%
- Employer stock is the only investment option within the plan.
- Since the plan is designed to provide additional retirement benefits, distributions may occur upon termination of employment with Atrium, death, disability or retirement.

Although ESOPs are growing in popularity, only 3% of the U.S. population has an ownership stake in their place of employment. You have an opportunity to make a difference through this benefit.