



Equity Rollovers in M&A Transactions: Tax and Business Planning Fundamentals

Jul 26, 2018

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Unlike strategic buyers operating in a target company's industry who often intend to replace or consolidate the target company's management team, most financial buyers are looking for companies with strong management teams who can help them work towards a successful exit. A study of PE investors found that almost 70% invest in existing management teams rather than recruit their own senior management teams before the investment.^[1]

Financial buyers often expect some of the target equity owners to receive a portion of their sale consideration in the form of equity (equity received or retained by some of the target company owners in a sale transaction is often referred to as "rollover equity"). Rollover participants usually include key management team members, and sometimes include founders and investors. When the sale closes, rollover participants shift from holding a controlling interest in the target company to filling the shoes of a minority owner in the continuing business. This article focuses on tax and business aspects of structuring equity rollovers in sale transactions involving financial buyers.

To learn more, [click here](#) to view this article in its entirety.

Frost Brown Todd LLC attorneys have extensive experience representing target companies and rollover participants in sales to financial buyers. If you need additional information or assistance in structuring and negotiating your sale transaction, please contact [Scott Dolson](#) or any other Frost Brown Todd LLC transaction attorney, or a Frost Brown Todd tax attorney for *Tax Law Defined™* with respect to the tax aspects of the equity rollover.

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