ECONOMIC POWER OF ESOPS

RESILIENCY THROUGH THE PANDEMIC



More likely to retain staff

Majority ESOP-owned companies were 3 to 4 times more likely to retain staff compared to other businesses during the pandemic. 1



Looking at all plan filings during the pandemic controlling for size, industry, and region, being an ESOP is associated with retaining or adding an additional 6 employees (active participants).2



More likely to grow

In a study of the food industry, ESOPs were 18% more likely to report an increase in revenue during the pandemic compared to a closely matched group of non-ESOPs. 3

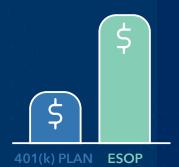
WEALTH CREATION





The median retirement account balance among all working individuals in the US is \$0.00.





The average ESOP account balance

is more than double

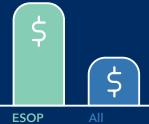
the average 401(k) account balance at a closely matched non-ESOP company offering only a 401(k) plan. (As well, a large majority of ESOP companies offer a 401(k) plan alongside the ESOP.) 5



Total contributions to ESOP accounts were over

\$89 billion in **2019** an average of \$6,420

in contributions per participant. 4



Employees

A survey of S corporation ESOPs found the same pattern for employees making

under \$25,000 a year,

with ESOP employees holding an average of

\$55,526 in retirement savings **compared to \$22,447.**

the retirement savings of similar workers nationally.

- 1 Rutgers University and SSRS, an affiliate of The ESOP Association. (2020). Employee Owned Firms in the COVID-19 Pandemic.
- 2 NCEO. (2021). Measuring the Impact of Ownership Structure on Resiliency in Crisis 3 NCEO. (2022). Employee Ownership in the US Food System During COVID-19.
- 4 NCEO. (2022). Analysis of DOL data
- 5 NCEO. (2021). Measuring the Impact of Ownership Structure on Resiliency in Crisis.
- MCEO. (2018). S Corporation ESOPs and Retirement Security.
- National Institute on Retirement Security. (2018). Retirement in America: Out of Reach for Working Americans?