

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



Lower job loss

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

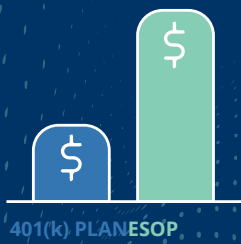


ESOPs paid out over **\$175 billion dollars** to participants in 2021. ⁴



Total contributions to ESOP accounts were over **\$101 billion in 2021**, an average of **\$6,890** in contributions per participant. ⁴

The median retirement account balance among all working individuals in the US is **\$0.00**. ⁷



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



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 **\$16,670 in retirement savings compared to \$8,827**, the retirement savings of similar workers nationally. ⁶

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. (2024). Analysis of DOL data
⁵ NCEO. (2021). Measuring the Impact of Ownership Structure on Resiliency in Crisis.
⁶ NCEO. (2018). S Corporation ESOPs and Retirement Security.
⁷ National Institute on Retirement Security. (2018). Retirement in America: Out of Reach for Working Americans?