

What's An ESOP?

An employee stock ownership plan (ESOP) is a qualified defined contribution retirement plan where workers receive shares in a trust that's funded by their company's stock.

What's An S ESOP?

An S ESOP is an ESOP company that's also a subchapter S corporation. S corporations are pass-through entities, that allow the gains of the company to flow to its employee-owners.

How Did S ESOPs Originate?

Congress authorized the S ESOP structure through the Employee Retirement Income Security Act (ERISA) to encourage retirement savings by giving American workers the opportunity to have an ownership stake in their companies.

Why S ESOPs?

S ESOPs accomplish exactly what Congress intended them to do: create jobs, generate economic activity and promote retirement savings.

Notable S ESOPs Across Industries

There are almost 3000 S ESOPs in the U.S., accounting for \$92 billion in direct economic output. While S ESOPs are in every industry, the top four industries by employment are manufacturing (94,000), professional services (80,000), retail trade (73,000), and construction (48,000).

Key Facts About S ESOPs

470,000

Americans directly employed by S ESOPs.

\$33 Billion

In annual productivity gains

\$92 Billion

In annual direct economic output

60 Percent

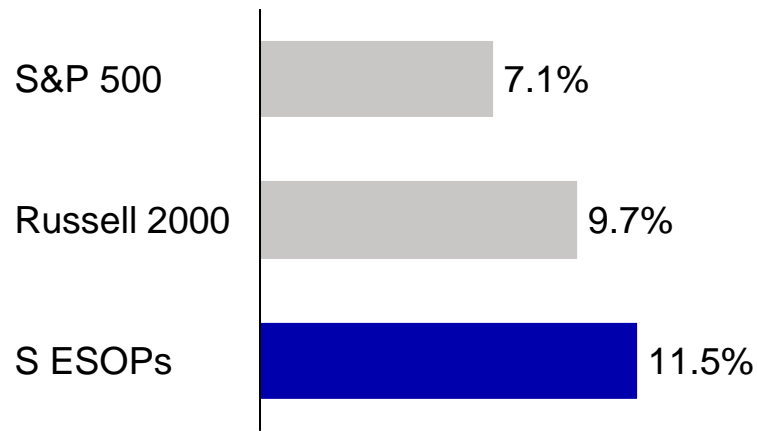
Employment growth between 2001 and 2011



They Boost Retirement Savings

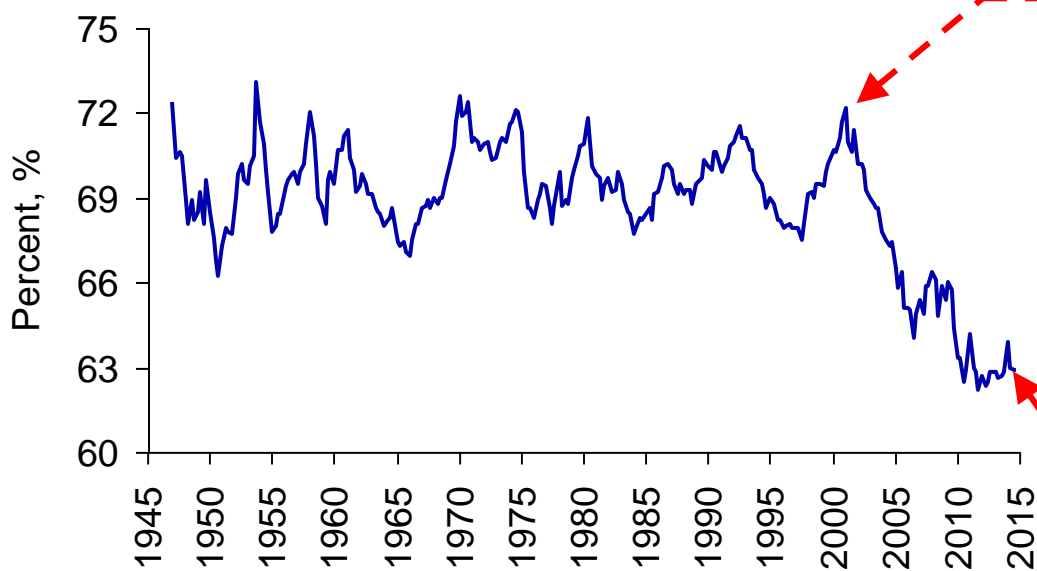
- The average account balance for employee-owners was \$78,000 in 2012.
- Between 2002 and 2012, S ESOPs returned more annually to employee-owners than the S&P 500 and Russell 2000.

Average Annual Total Returns



They Change The Ownership Dynamic

Labor Share Of Income



- Workers To Owners:**
- Workers have a record low share of corporate income – now more corporate income goes to owners.
 - S ESOPs turn workers to owners and align their incentives with management.

They Encourage Stability

- Employee-owners are focused on retirement, which gives an ESOP flexibility to plan long-term.
- This enabled S ESOPs to be more resilient during 2008.
- Employee ownership correlates to a 4 percent increase in productivity.

Change In Employment In 2008

