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STRATEGIES

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Employee Financial Health and Sentiments Amid the Pandemic

Methodology

- John Zogby Strategies was commissioned by Employee-owned S Corporations of America to conduct two surveys using a sample of ESCA full-time employees and a sample of non-ESCA full-time employees. The former sample was made up of 200 adult employees below the executive level while the latter was made up of 400 adult, full-time employees across the nation, also below the executive level.
- The margin of error for the sample of 200 ESCA employees is +/- 6.9 percentage points. The margin of error for the sample of 400 nationwide full-time employed adults is +/- 4.9 percentage points from a universe of emails fitting the description of targeted companies and respective personnel.
- Each invitation for the nationwide survey was password coded and secured so the IP addresses were not tracked as well as to prevent each respondent from taking the survey more than once. **Subsets of the data have a larger margin of error than the whole data set.**
- While additional factors can create error, such as question wording and question order, JZS took steps to reduce such error. Slight weights were applied to US region and gender.



Sample Characteristics

Demographics	Non-ESOP Employees (N= 400)	ESOP Employees (N=200)
Entry Level	152	96
Mid-level	248	104
18 – 29	148	39
30 – 44	84	106
45 - 66	35	55
East	84	20
South	112	45
Central/Great Lakes	116	96
West	88	39

Executive Summary/Analysis of Overall Findings

The main purpose of the survey was to compare the financial impact the Covid-19 pandemic had on ESOP employees and their non-ESOP peers. We found a world of difference between the two groups by both subjective and objective measures. Subjective measures – or one’s own perception of their financial station – are often nearly equally significant as objective data in terms of an individual’s household economic decision-making. As such, we expect that ESOP employees will conduct themselves differently than their non-ESOP peers in terms of planning for the future. Policy-makers would be wise to incentivize the ESOP structure for as many working Americans as possible so that financial strength and independence may be fostered and achieved. With a debt crisis looming, the ESOP path may provide a lodestar for weathering such a potential storm.

A Tale of Two Economies

- Just under a third (32.7%) of non-ESOP employees expressed that the pandemic had a negative impact on household finances/savings. Contrast that figure with the just over 1 in 10 (12%) of ESOP employee respondents who expressed the same. (Q2 Frequencies)
- More than 9 in 10 (93%) ESOP employees said they have enough cash saved to cover a \$500 emergency while this rate shrinks to 3 in 4 (75%) when looking at non-ESOP employee responses. On the flip side, non-ESOP employees reported at a rate of 21% not having enough cash for such an event, more than 3 times the rate (6%) of their ESOP counterparts. (Q9 Frequencies)
- Only 6 respondents among the entire sample of 200 (3%) ESOP employees stated they currently have wages garnished. The near absence of this particular financial strain indicates a far lower intensity of the grip that debt holds on ESOP employees when we compare it to the 17% rate of non-ESOP employees who reported their wages being currently garnished. (Q11 Frequencies)

Executive Summary/Analysis of Overall Findings (Cont'd)

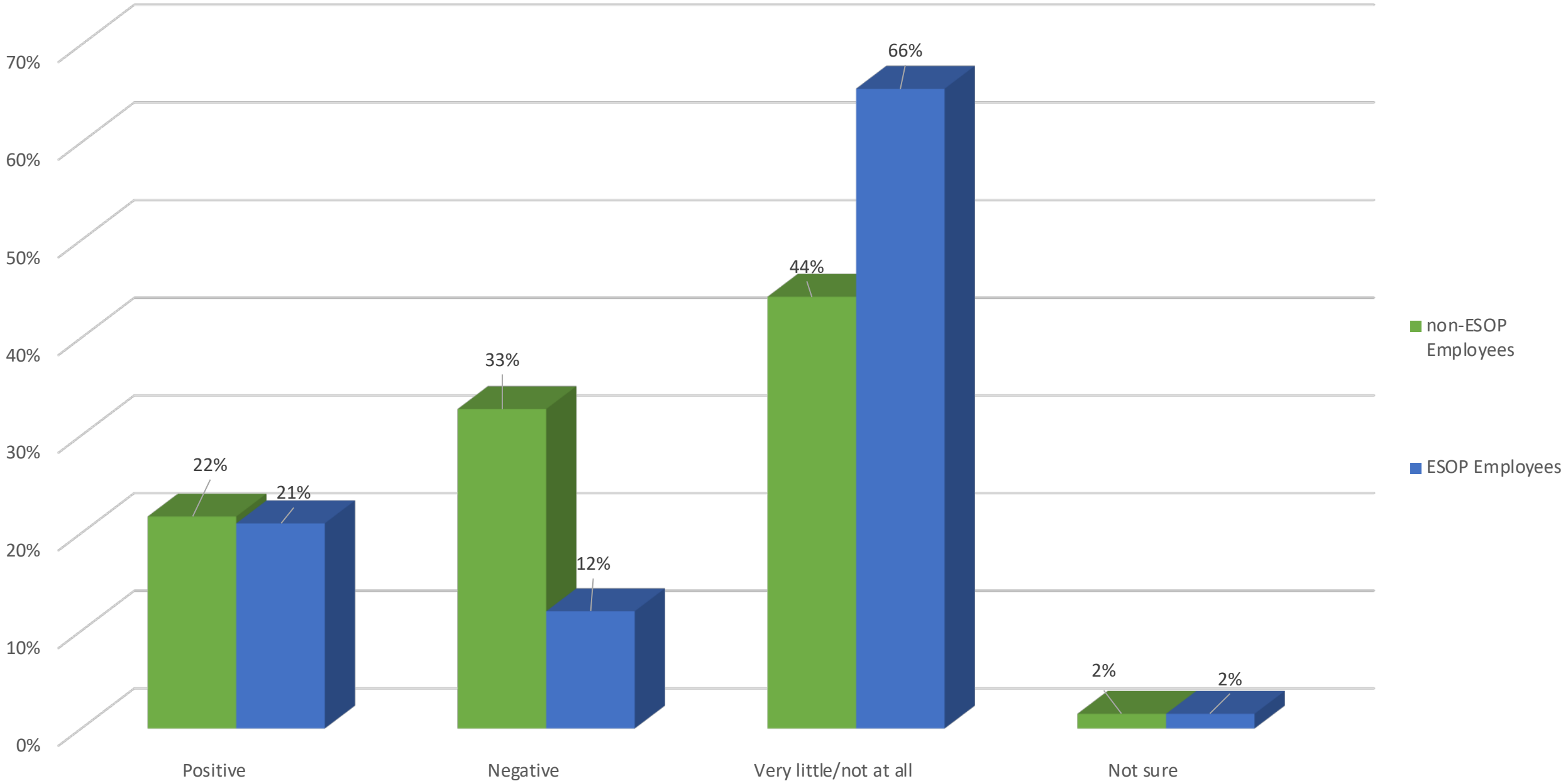
Subjective Perceptions

- Concern regarding inability to pay down debts upon cessation of forbearance/forgiveness policies came in at twice as high a rate among non-ESOP employees (64%) compared to ESOP peers (32%). (Q17 Frequencies)
- Greater than a third (34%) of ESOP respondents expect to retire before they turn 60 years of age, which is double the level of non-ESOP employees (17%). (Q20 Frequencies)
- Almost two-thirds (65%) of non-ESOP employees worry about not having sufficient retirement savings to live comfortably; such a concern is markedly lower among ESOP employees who registered concern at a rate of 42% of respondents. (Q21 Frequencies)

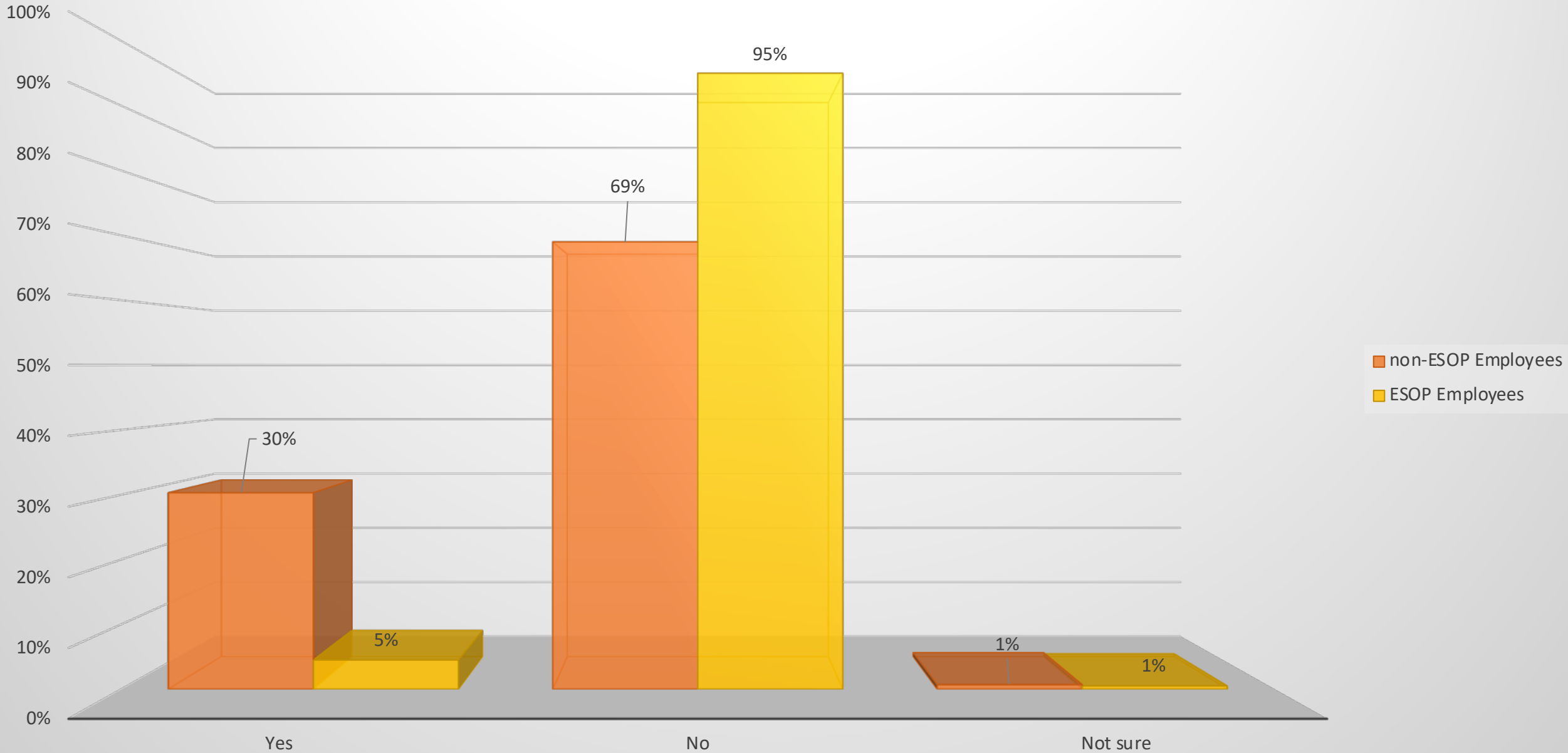
Objective Data

- Another sharp contrast was on display when respondents were asked about losing or downsizing jobs during the pandemic: fewer than 1 in 20 (4.5%) ESOP employees reported job loss/downsizing, while non-ESOP employees experienced the same phenomena at an alarming rate of nearly 1 in 3 (30%). (Q3 Frequencies)
- Not a single respondent among the ESOP employees reported being behind on their rent or mortgage, compared to more than a quarter (26%) of non-ESOP employee peers. (Q4 Frequencies)
- Only 8 respondents or 4% of the ESOP sample told us they've utilized the government's payment protection benefits; meanwhile more than a quarter of the nationwide sample (26%) stated they've taken advantage of such benefits. (Q15 Frequencies)
- Reduction in workplace benefits (including salary) is another example distinguishing the financial health across the 2 samples: just above a quarter (26%) of ESOP respondents stated they've experienced reductions in benefits. This figure jumped north of 4 in 10 (43%) among the nationwide sample. (Q19 Frequencies)

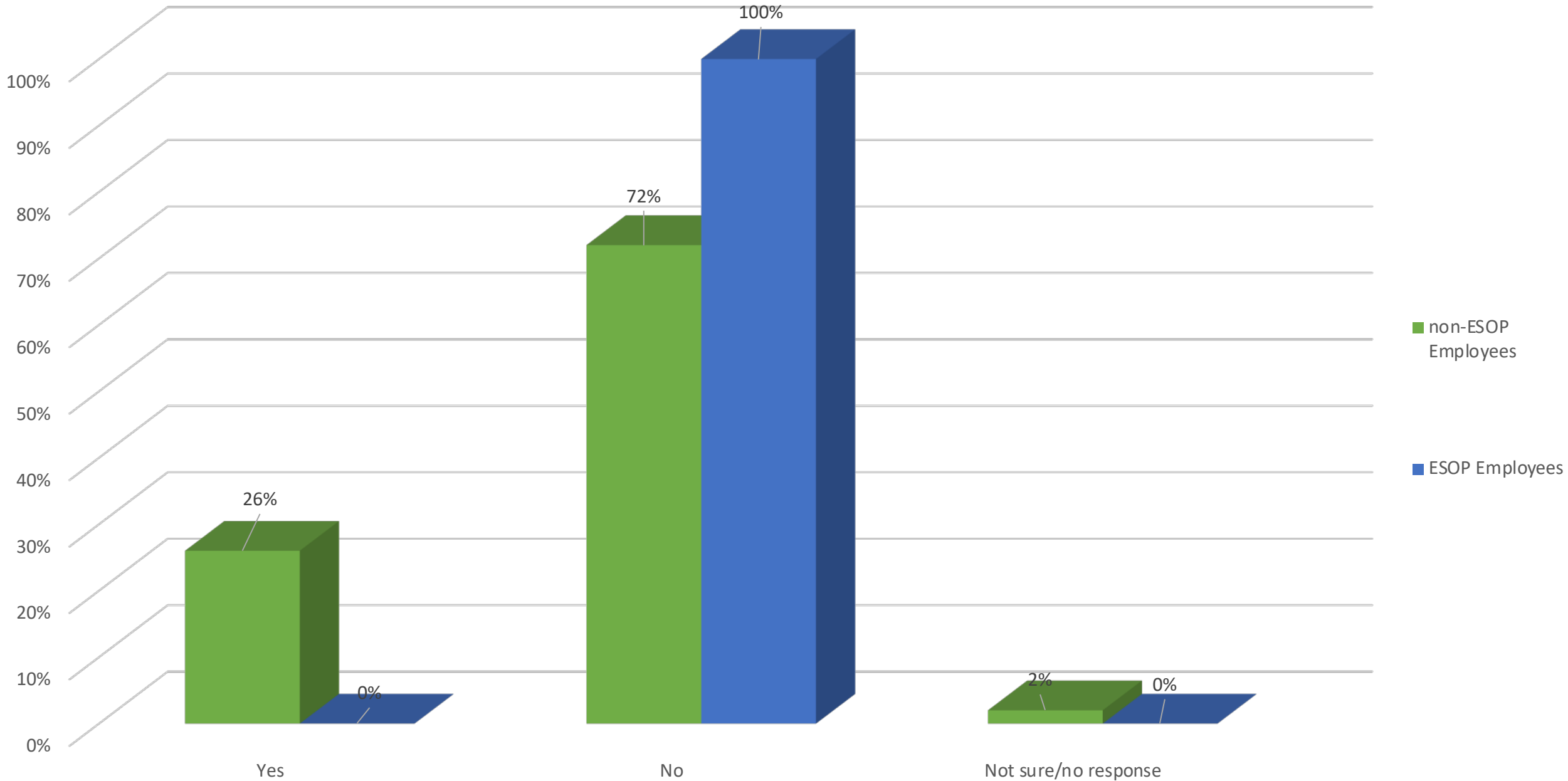
Q2: In terms of finances/savings, has the COVID-19 pandemic impacted you and your household in a positive way, negative, or very little/not at all?



Q3: Have you lost a job or had your job downsized in any way since the COVID-19 pandemic began?

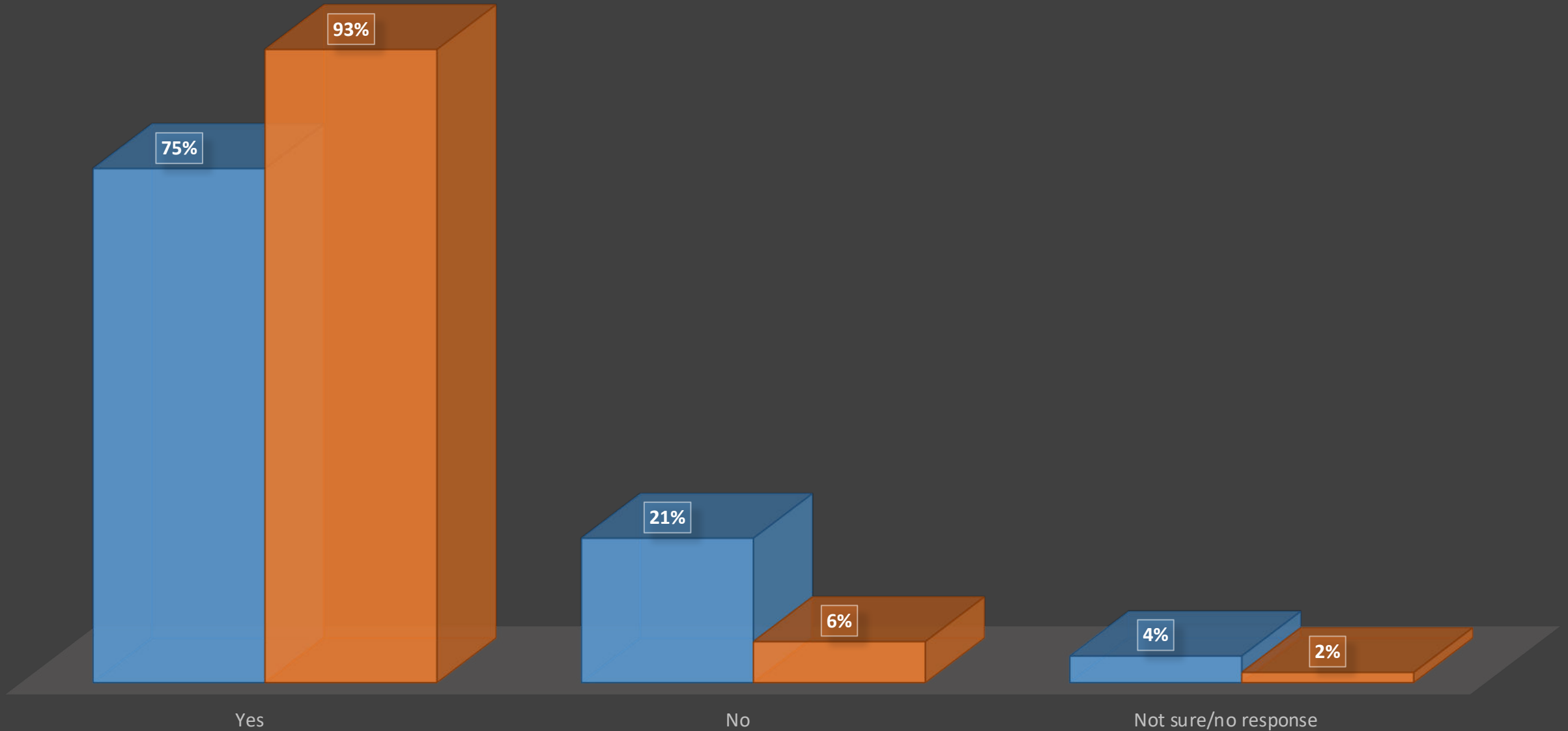


Q4: Are you currently behind on your rent or mortgage by one month or more?



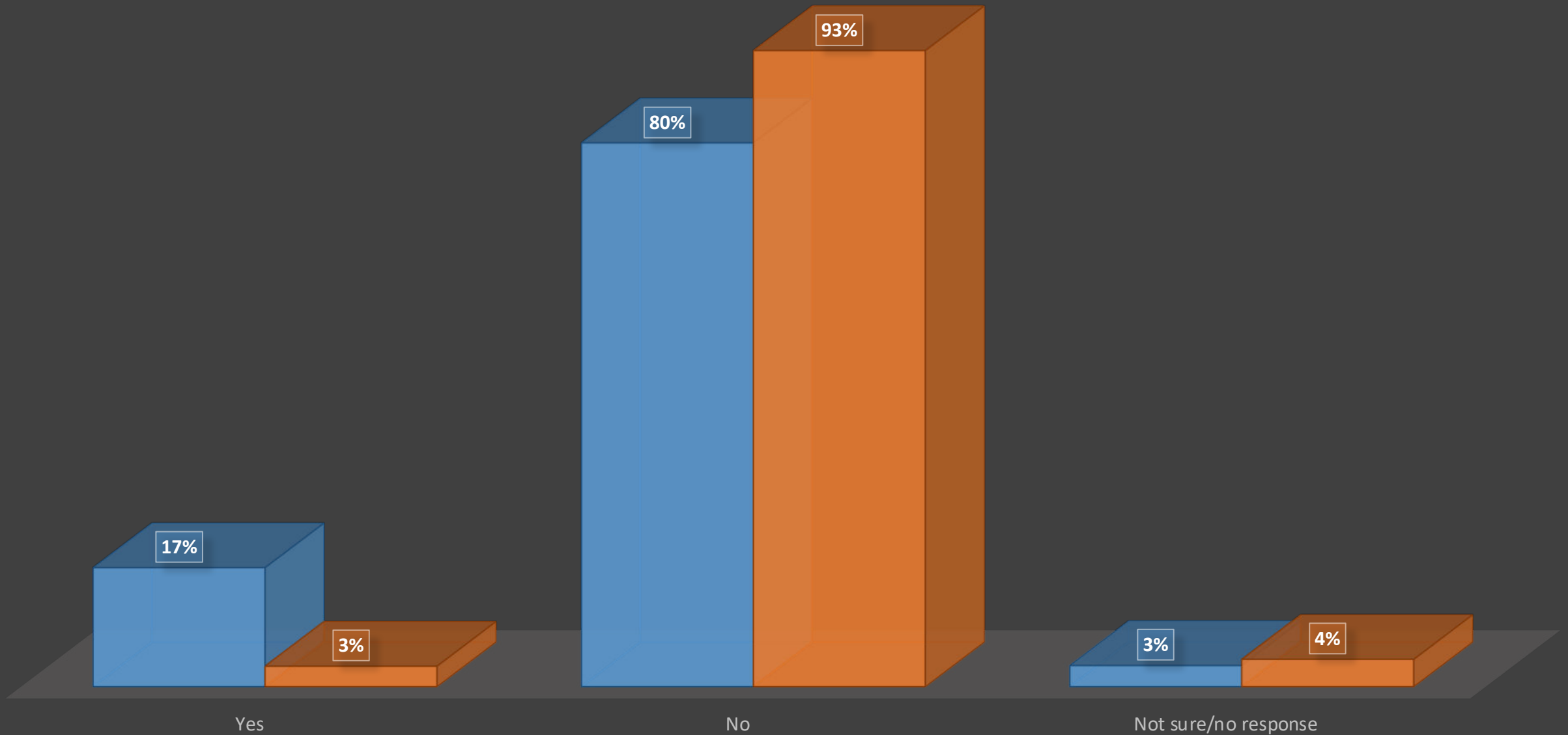
Q9: DO YOU HAVE ENOUGH CASH SAVED TO MEET A \$500 EMERGENCY BILL?

■ non-ESOP Employees ■ ESOP Employees

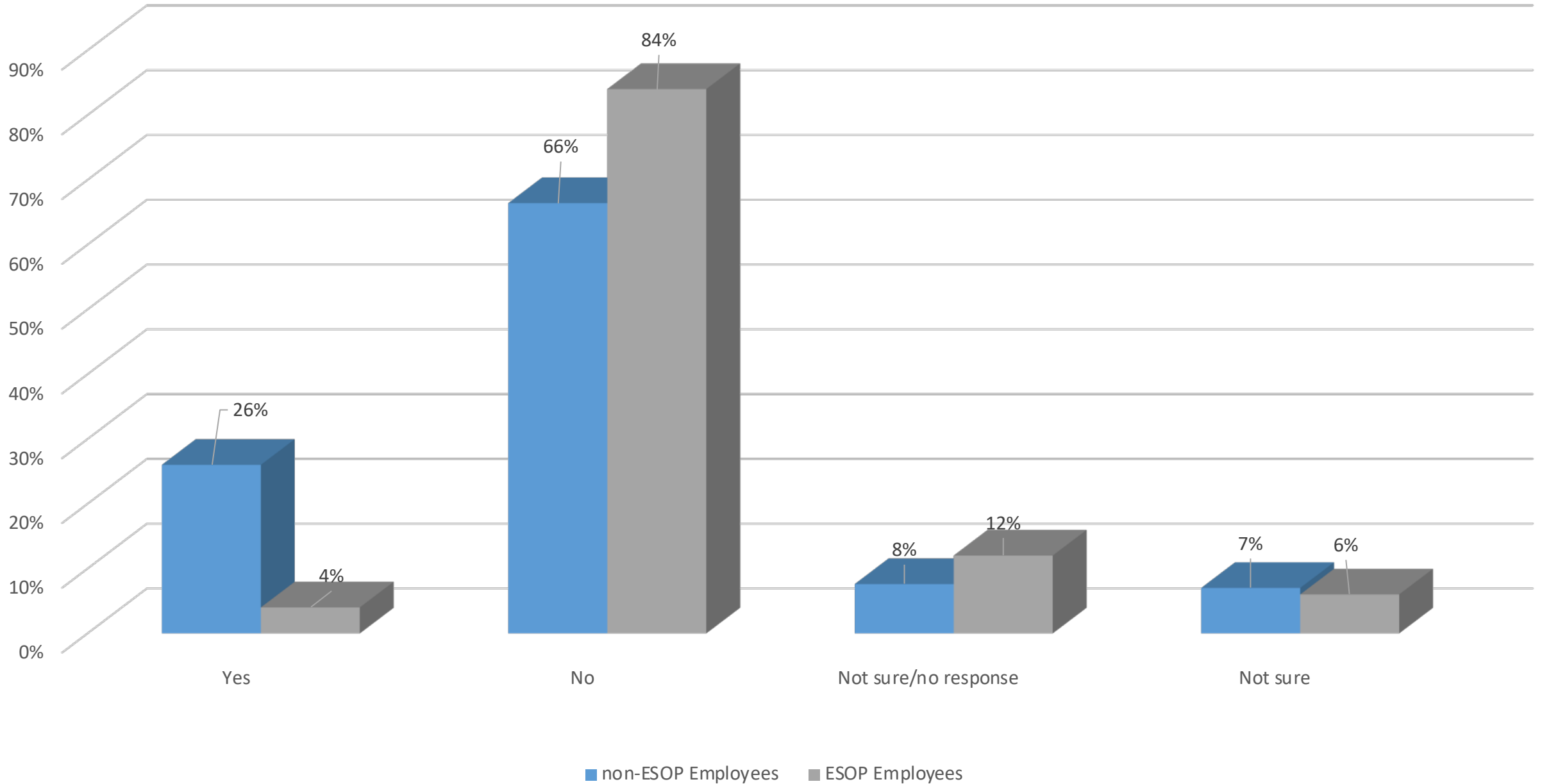


Q11: DO YOU CURRENTLY HAVE ANY WAGES GARNISHED?

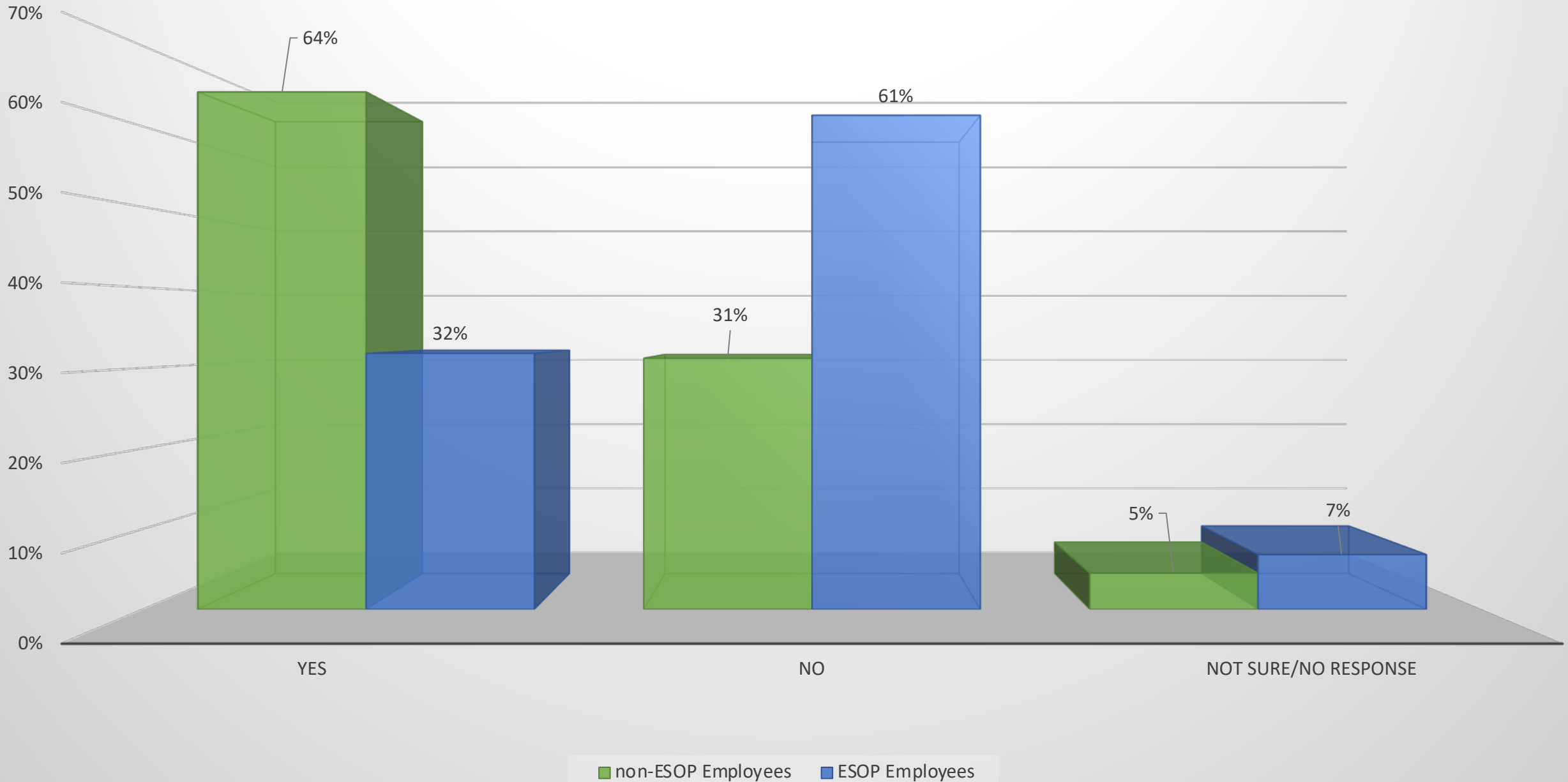
■ non-ESOP Employees ■ ESOP Employees



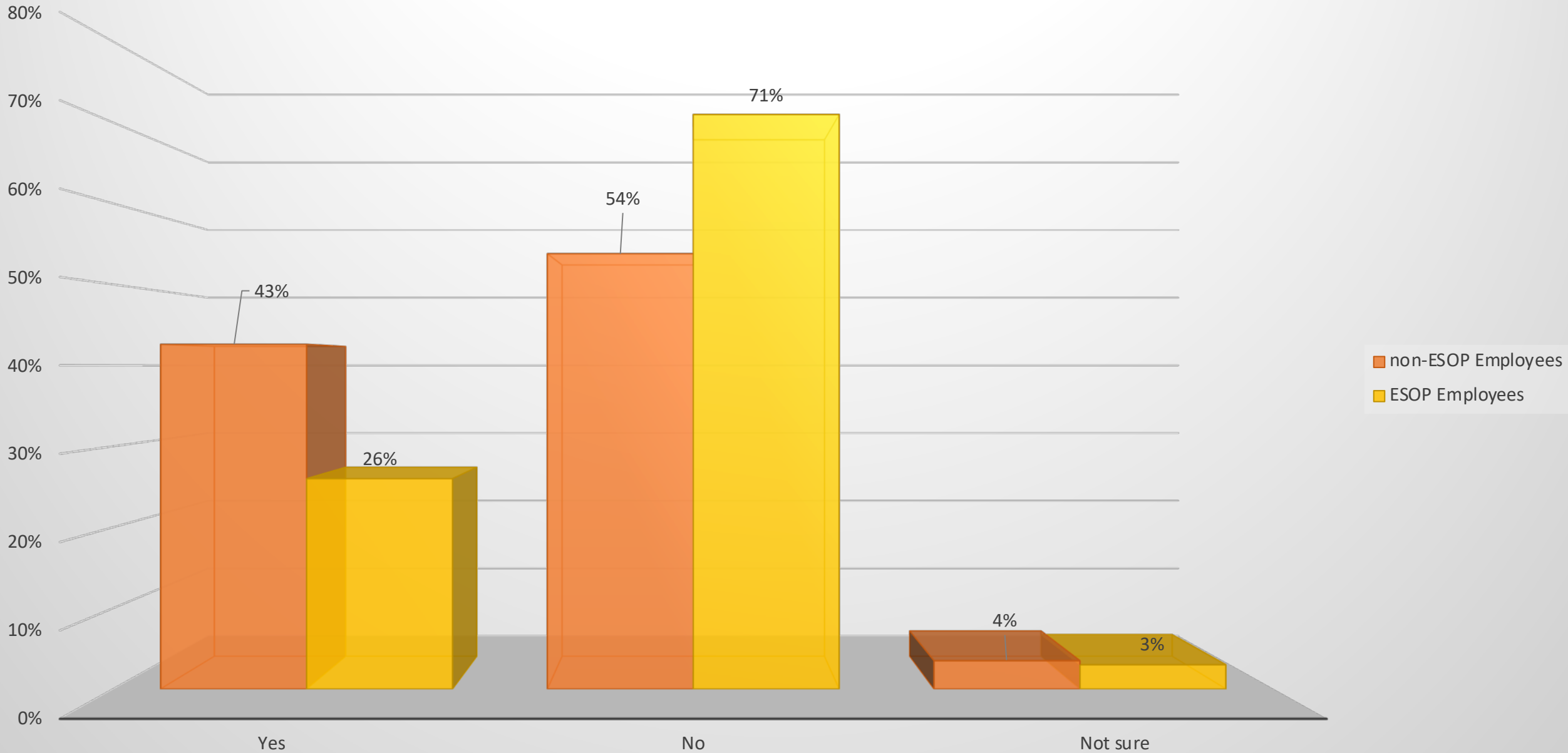
Q15: Have you utilized the government's paycheck protection benefits?



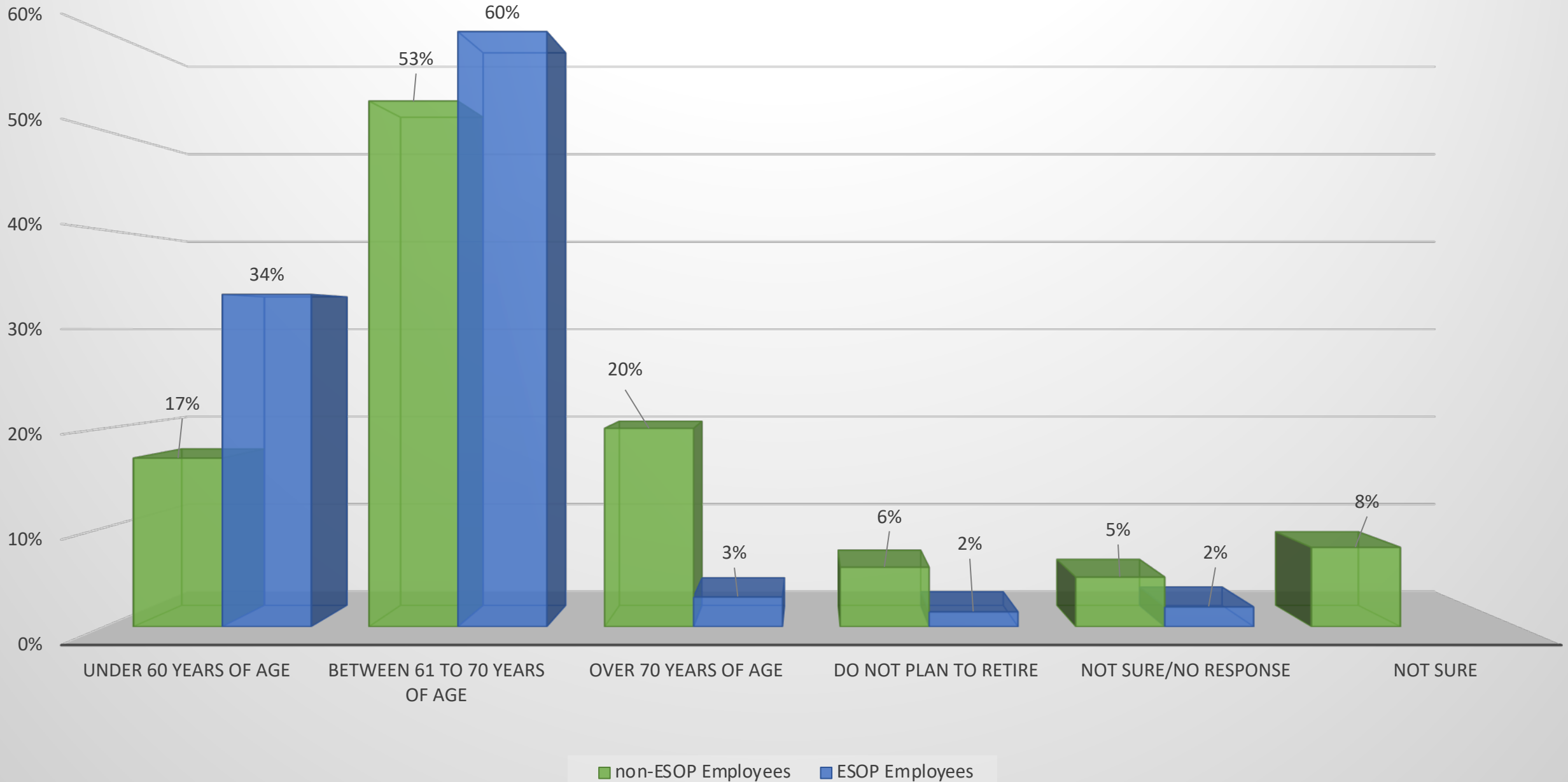
Q17: When these debt forbearance/forgiveness policies end, are you concerned you won't be able to pay down those debts?



Q19: Have any of the financial benefits you receive at work (e.g., salary, bonuses, raises or retirement savings contributions) been reduced since the pandemic hit?



Q20: At what age do you expect to retire?



Q21: Do you worry about having sufficient retirement savings to live comfortably?

