

ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

You can help grow your ESOP account

There are two ways your ESOP account can grow: annual additions and changes in the value of the investments. Within each of these, there are actions you can take that can affect how much your account grows.



1) Remain employed with your company to earn more years of annual additions.

The more years you work for your employer the more opportunities you will have for your account to receive company-paid contributions — the most common source of additions to ESOP accounts. Your account may also receive “forfeitures,” which are amounts added to your account because other participants left employment before they were fully vested. Some ESOPs are structured to receive S– corporation distributions that work a lot like reinvested dividends. Employees who stay employed with a company for many years will build up value just because of the number of annual additions.

2) Do your part at the job level to positively impact stock value.

One time a year an independent appraiser is hired to determine the current value of the

company stock held in your ESOP. Stock value may fluctuate up or down. The appraisal takes into consideration a variety of factors including current and potential performance of your business. Simply put, when your company is successful over time your ESOP account will grow. One of the key elements of the analysis is whether the business is reaching its plans for growth and debt repayment. If the everyday actions in your job help the company reach its goals— by strengthening customer relationships, improving efficiencies, maintaining quality, reducing waste, controlling risk by following safety procedures, or enhancing the company’s reputation — that’s your part in growing the value of the company.