

ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

“I’m not retiring, why does ESOP matter?”



Ok, it’s true that technically speaking your company’s ESOP is a retirement benefit, but you are probably enjoying advantages from ESOP ownership today. Decades before you see any financial distribution from the plan, you can gain these benefits from being part of an ESOP.

Stable company ownership is good for all employees. Often an ESOP is part of a long-term solution for ownership succession. Planning for future ownership is good for the selling shareholder and it is good for current employees too. Sale to an outside buyer or a competitor almost always changes the character and composition of a company going forward. It can bring painful changes in direction and eliminate jobs. Conversely, when a selling owner transfers ownership to an ESOP, it enables the

company to continue to move forward with its plans for the future without missing a beat.

Someone else pays for some of your long-term savings. Are you doing well saving for the future on your own? If you are like most people, you are not saving much. The good thing about an ESOP is your employer is helping you out with your savings. The ESOP is an additional wealth-building opportunity that your average employee in the U.S. does not enjoy. Nearly half of all employers do not provide any company-paid retirement and 52% of Americans have no personal savings for retirement. Eventually those who are not saving will need to catch up — and that’s going to limit their life choices in the future. Your ESOP can provide added freedom and flexibility that many other people do not have.

Work with people who have a vested interest in your success. Your co-workers have one more reason to care: they have a stake in growing value in the ESOP. Engaged employees in an ESOP do the things right for the business, go the extra mile for customers, and help their co-workers. If they fully understand how the company builds value, your co-workers will want you to succeed. This ownership mentality can create a positive difference in the work environment — which is an advantage that you can feel today and in the years to come.