

ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

Planning your future with an ESOP

You're a participant in an Employee Stock Ownership Plan (ESOP), which means you have a unique addition to your retirement savings that roughly 10% of the working population enjoys.

One way of looking at your ESOP is as one piece of a long-term plan for your financial future — like one part of a three-legged stool. If you can strengthen one or two of the legs, any lack of stability in the other leg (or legs) is less risky. The odds are better that you will retire comfortably and achieve a financial plan to realize your future dreams.

Your own savings and assets

may include an Individual Retirement Account (IRA), home ownership, other retirement plans or other personal savings. While there are no guarantees with this leg, many of these assets can be diversified which spreads risk. You have the flexibility to make choices here that fit your investment style.



Social Security benefits

are not intended to be your only source of income when you retire. Fifty percent of non-retired Americans believe Social Security will be a minor source of benefits (2019 Gallup poll). You'll need to make your own judgement about the stability of this leg for you.

Employee Stock Ownership Plan (ESOP)

ESOP participants tend to have 2.2 times as much in retirement as employees in non-ESOP companies. While there are never guarantees with stock value, this leg of your savings has the potential to grow in ways that are not possible with broadly diversified savings. The ESOP's value depends on how one company — your employer — performs over time. It is strongest when it is combined with diversified personal savings.

Most employees in the U.S. don't have the ESOP advantage in their retirement but this doesn't mean you don't need to plan. Each person's financial situation is unique, depending on your age, personal savings, investment style and plans for the future. If you have questions about the best way to fit your ESOP into your long-term plans, you may want to consult a professional retirement planning specialist to get your personal plan on track.