

# ECONOMIC POWER OF ESOPs

## RESILIENCY THROUGH THE PANDEMIC

  
More likely to retain staff

Majority ESOP-owned companies were 3 to 4 times more likely to retain staff compared to other businesses during the pandemic. <sup>1</sup>

  
Lower job loss

Looking at all plan filings during the pandemic controlling for size, industry, and region, being an ESOP is associated with retaining or adding an additional 6 employees (active participants). <sup>2</sup>

  
More likely to grow

In a study of the food industry, ESOPs were 18% more likely to report an increase in revenue during the pandemic compared to a closely matched group of non-ESOPs. <sup>3</sup>

## WEALTH CREATION



ESOPs paid out over **\$137 billion dollars** to participants in 2019. <sup>4</sup>



Total contributions to ESOP accounts were over **\$89 billion in 2019**, an average of **\$6,420** in contributions per participant. <sup>4</sup>

The median retirement account balance among all working individuals in the US is **\$0.00**. <sup>7</sup>



The average ESOP account balance **is more than double** the average 401(k) account balance at a closely matched non-ESOP company offering only a 401(k) plan. (As well, a large majority of ESOP companies offer a 401(k) plan alongside the ESOP.) <sup>5</sup>



A survey of S corporation ESOPs found the same pattern for employees making **under \$25,000 a year**, with ESOP employees holding an average of **\$55,526 in retirement savings compared to \$22,447**, the retirement savings of similar workers nationally. <sup>6</sup>

<sup>1</sup> Rutgers University and SSRS, an affiliate of The ESOP Association. (2020). Employee Owned Firms in the COVID-19 Pandemic.  
<sup>2</sup> NCEO. (2021). Measuring the Impact of Ownership Structure on Resiliency in Crisis  
<sup>3</sup> NCEO. (2022). Employee Ownership in the US Food System During COVID-19.  
<sup>4</sup> NCEO. (2022). Analysis of DOL data  
<sup>5</sup> NCEO. (2021). Measuring the Impact of Ownership Structure on Resiliency in Crisis.  
<sup>6</sup> NCEO. (2018). S Corporation ESOPs and Retirement Security.  
<sup>7</sup> National Institute on Retirement Security. (2018). Retirement in America: Out of Reach for Working Americans?