



For Immediate Release: September 15, 2010

For More Information: Amy Gwiazdowski, 202/293-2971, amy@esopassociation.org

The Employee Ownership Foundation Releases Study on ESOPs as Retirement Benefits

September 15, 2010 (Washington, DC) – The Employee Ownership Foundation released today the results of an extensive study that evidences that ESOPs (employee stock ownership plans) provide more employee benefits than non-ESOP companies.

The study, which reviewed data from the Department of Labor Form 5500 on defined contribution retirement plans, found:

- ESOP companies have at least one plan, the ESOP, but more than half (56%) have a second retirement savings/defined contribution plan, likely a 401(k) plan. In comparison, the Bureau of Labor statistics reports that 47% of companies have some sort of defined contribution plan which shows that an ESOP company is more than likely to have two defined contribution plans than the average company is to have one plan.
- The average ESOP company contributed \$4,443 per active participant; in comparison to a non-ESOP company with a defined contribution plan which contributed on average \$2,533 per active participant. This study found that on average ESOP companies contributed over 75% more to their ESOPs than other companies contributed to their primary plan.
- The study found that the value of assets contributed by the ESOP company to all defined contribution plans is substantially higher than in non-ESOP companies. The study estimates that the average ESOP participant has company-sourced plan assets that are more than twice as much as participants in non-ESOP companies.
- An ESOP participant in the average ESOP company has company-sourced plan assets worth 2.2 to 2.29 times as much as the assets held by the average participant in an average non-ESOP company.
- The study estimates that the average ESOP participant has \$55,836 in combined defined contribution plans, compared with \$50,525 participants in non-ESOP companies. Controlling for company size, industry, and age of plan suggests that total assets per participant are approximately 20% higher in ESOP companies when compared with non-ESOP companies.

“This evidence justifies laws that encourage ESOP creation,” states J. Michael Keeling, president of the Employee Ownership Foundation. “This study of all ESOPs, no matter their age and/or ESOP debt status, combined with data from other sources shows that ESOP benefits can be very substantial for employee owners.”

This project was commissioned by the Employee Ownership Foundation and performed by the National Center for Employee Ownership (NCEO). The NCEO consulted with two trustees of the Employee Ownership Foundation: Hugh E. Reynolds, III, Crowe Horwath LLP, Fort Lauderdale, FL and Robert W. Edwards, Steiker, Fischer, Edwards & Greenapple, P.C., Providence, RI.

For additional information about the survey, please visit The ESOP Association's website at www.esopassociation.org.

The Employee Ownership Foundation is The ESOP Association's affiliated 501 (c)(3) organization dedicated to promoting employee ownership.

Founded in 1978, The ESOP Association represents over 1,400 ESOP companies who believe that employee ownership will improve American competitiveness, increase productivity through greater employee participation and strengthen our free enterprise economy.

###