

# ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

## Who benefits from an ESOP?

A healthy dose of skepticism can accompany the establishment of an Employee Stock Ownership Plan (ESOP). Reasonable people might wonder who is actually benefiting from the ESOP. If you think it is a good thing for the company, you're right. If you think it's good for employees, you're right. If you think it will benefit the communities in which your company operates, you're right. An ESOP can often be a winning proposition for all three of these stakeholders. Below are some of the advantages that each of these different groups report about the advantages of having an ESOP.



Advantages for the company	Advantages for the employees
<ul style="list-style-type: none"><li>• A way to transition ownership without disruption of the business</li><li>• A benefit that can attract new talent and reward valued employees</li><li>• Often part of a plan for sustaining the business in the future</li><li>• May be able to receive tax advantages (making the business more competitive)</li></ul>	<ul style="list-style-type: none"><li>• An opportunity to share in the long-term wealth the business may generate</li><li>• Receive a company-paid retirement benefit</li><li>• Work with co-workers who have a stake in your long-term success</li><li>• A chance to grow your long-term savings through your daily work</li></ul>
Advantages for the communities in which your company operates	
<ul style="list-style-type: none"><li>• Many times an ESOP is part of a proactive plan for continuity of the business. That stability is good employees and for the communities in which they live and work.</li><li>• In the last recession, firms with an ESOP were slower to lay off than those without an ESOP.</li></ul>	