NCEO
A publication of the National Center for Employee Ownership

Employee Ownership Report

JULY–AUGUST 2014 / Volume XXXIV, No. 4

2014 Employee Ownership 100

The NCEO's 2014 Employee Ownership 100 list *(see page 8)* includes the nation's largest companies that are at least 50% owned by an employee stock ownership plan (ESOP) or other broad-based employee ownership plan. Many are 100% employee-owned.

The great majority (90%) of the companies on this list have ESOPs, although a number of them have more than one plan. Other vehicles for employee ownership on this list include profit sharing plans invested in company stock, stock purchase plans, 401(k) plans, and a worker cooperative.

The companies on the list, seven of which are new to the list this year, employ approximately 707,000 people world-wide, up from 674,000 in 2013. Companies on both the 2013 and 2014 lists saw their employment rise approximately 4%. This year the smallest company on the list has 1,100 employees, up from 675 in 2001.

In an analysis of ESOP companies on the list, an average of approximately two-thirds of employees participated in the plans. At approximately 70% of ESOP companies on the list, at least 50% of employees were participants. However, at a handful of ESOP companies, less than 10% of employees participated in the plan. Certain categories of employees may be excluded from ESOP participation, so these low participation rates most likely reflect companies with (1) a large percentage of international employees, (2) employees covered by a collective bargaining unit in which negotiated for benefits other than ESOP participation, (3) employees in separate lines of business, or (4) comparable non-ESOP retirement plans that they offer to other employee groups. We include ESOP companies on the list regardless of the percentage of employees participating in the plan because ESOPs are legally required to be broad-based and non-discriminatory.

If your company should be on the list, please let us know. There are no readily available data sources for such figures, so we compile information from the companies themselves, news stories, company websites, and if none of these are available, online data resources. We encourage companies on the list to contact their local and trade media to tell their stories. We have sample press material available *(please contact Dallan Guzinski at dguzinski@nceo.org).*

The NCEO issued its updated estimate for the number of ESOPs and ESOP-like plans. *See page 6.*

See the NCEO Web site for summary and analysis of the Supreme Court's ruling on ESOPs.

IN THIS ISSUE:

FEATURES

COLUMNS

NCEO RESOURCES

Why Do Some Companies Choose Profit-Sharing Plans Over ESOPs?

A detailed analysis of Form 5550 submissions by the NCEO shows that about 2,000 tax-qualified profit-sharing plans with five or more employees in the U.S. are primarily invested in company stock. Some of the companies sponsoring these plans consider themselves ESOPs, but others choose profit-sharing plans because they have more flexible rules, particularly around allocation and diversification. ESOPs do have substantial tax benefits not available to profit-sharing plans, but if a company does not need those tax benefits, a profit-sharing plan may be a better choice.

See page 3 for the research results and page 6 for statistics on these plans.