

ISSUE HIGHLIGHTS

- Governance of ESOP companies is top-of-mind for many company leaders. [See page 4](#) for the results of the NCEO's 2016 corporate governance survey.
- Brand new data on ESPPs shows current practices in plan design, typical participation rates, trends in employee education, and patterns in plan satisfaction. [See page 6.](#)
- Many US consumers have a positive impression of employee ownership and would prefer to buy from employee-owned companies. [See page 7.](#)
- Employee ownership and craft brewing continued their partnership. [See page 8](#) to learn about one secret to Harpoon Brewery's success, and [see page 12](#) for employee ownership at a Canadian brewer.
- Building an ownership culture is a year-round effort. [See page 9](#) to learn what SRC does each month of the year, from communication about ESOP contributions to the Owners' Cup.
- Courts were busy with ESOP cases covering issues from stock drops to fiduciary obligation to the impact of signing a release form. [See pages 10 and 11.](#)
- Does becoming employee-owned mean your company will lose its minority-, women-, or veteran-owned status? Not necessarily. [See page 11.](#)

EMPLOYEE OWNERSHIP REPORT

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ESOPs and the Department of Labor

On April 14, 2016, Timothy Hauser of the US Department of Labor addressed the NCEO's annual conference. Hauser is the deputy assistant secretary for program operations of the Employee Benefits Security Administration, and his responsibilities include overseeing EBSA's regulatory, enforcement, and reporting activities. This article is excerpted from a transcript of his remarks, which were not delivered from a prepared text.

At events like this, I think it's important to celebrate what is unique about ESOPs: the transformational potential they have for empowering people and for improving the level of engagement and the level of satisfaction that people have at the workplace.

But it is just as important to recognize what is not unique about ESOPs. What isn't unique about them is that they are retirement plans. First and foremost from a Title I of ERISA standpoint, the purpose of an ESOP is to provide retirement benefits to people. It's to provide a measure of security for people when they retire.

The Principles of ERISA

We are going to do a quick primer, a kind of "ERISA-lite." It sounds bad, I know. People think that ERISA is dry and technical. If you bring it up in social settings, people move away from you. But it really boils down to a few central precepts.

The first principle is that ERISA uses a functional test of fiduciary status. You are a fiduciary if you have authority over plan assets, if you have authority over plan administration, or if you give investment advice for a fee, and it doesn't matter what your title is.

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Worker Ownership in USA Today

In his article "[More Worker-Owned Businesses Are Sprouting](http://tinyurl.com/ownershipUS)" (<http://tinyurl.com/ownershipUS>), reporter Paul Davidson starts with yogurt-maker Chobani's decision to grant shares to employees, but notes "the two most prominent ways to give workers significant stakes—employee stock ownership plans (ESOPs) and worker cooperatives—go quite a bit further." The story covers several examples of employee-owned companies, including Paper Machinery, Harpoon Brewing, and Eureka Casinos.



Chobani's stock plan dominated business headlines. Learn from their experience how your company can earn media coverage. [See page 3.](#)

THE NCEO is a self-sustaining nonprofit membership organization that provides practical resources and objective, reliable information on employee stock ownership plans (ESOPs), equity compensation plans, and ownership culture. Our publications, meetings, webinars, and research are designed with you in mind. www.nceo.org