

## ISSUE HIGHLIGHTS

- New data show that the number ESOPs remains largely the same, but participant numbers have grown 2.5% since the prior year's tabulation.
- The new tax law will affect how ESOPs are valued, especially S ESOPs. Judy Kornfeld examines how this might play out. [See page 7.](#)
- Employee ownership companies continue to account for about half the Best 100 Companies to Work for in the U.S. See which ones have which plans. [Page 11.](#)
- Substantial progress has been made to moving bills to make SBA loans to SOPs more appealing and for the SBA and SCOPE to set up ESOP outreach programs. [See page 9.](#)
- Another fiduciary practices agreement has been entered into between an ESOP provider and the Department of Labor. [See page 13.](#)
- What role do employees play on board? Look at how several companies take different approaches. [See page 10.](#)
- Mike Shuey of Restek talks about what their ESOP means to him. [See page 5.](#)
- The Owners Page looks at how ESOPs stack up as a retirement plan. [See page 15.](#)

EMPLOYEE  
OWNERSHIP  
CONFERENCE

2018

## Thank you...

to everyone who attended this year's conference in Atlanta. We look forward to seeing you in Albuquerque (October 3-4, 2018) and Pittsburgh (April 9-11, 2019).



# EMPLOYEE OWNERSHIP REPORT

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## NEWEST ESOP DATA

### Uptick in Number of Employee-Owners

**According to the latest data available from the Department of Labor, there were 6,669 ESOPs covering 14.4 million participants and holding close to \$1.3 trillion in plan assets as of the end of 2015. A total of 10.8 million participants were active employees, which represents a 2.5% increase in the number of active ESOP participants from 2014.**

There were 217 newly established ESOPs in 2015. This was slightly outpaced by the termination of existing plans, meaning that the total number of plans dipped by about 0.7%. Figure 1 (below) shows the distribution of the 446 ESOPs created in 2014-2015. The data do not capture the number of companies that existing ESOPs purchase, effectively creating new ESOPs. The NCEO estimates that about 300-400 such transactions occur annually.

Among the 6,669 ESOPs, 83% are stand-alone ESOPs and 17% are KSOPs, or ESOPs that also have 401(k) features. Most ESOPs (80%) are in privately held companies, and 50% are in private companies with less than 100 total plan participants. [See Table 1 for more detail.](#)

ESOPs hold a total of \$264 billion in employer securities, of which \$98 billion is held by stand-alone ESOPs in private companies.

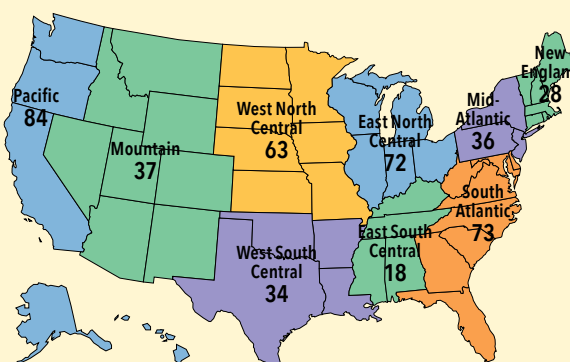
The relatively small number of large retirement plans in public companies structured as KSOPs account for the vast majority of participants and assets. Excluding those plans, ESOPs cover 3.5 million participants and hold \$300 billion in assets (\$144 billion in employer stock). Stand-alone ESOPs cover 1.7 million participants and hold \$133 billion in assets (\$119 billion in employer stock). [See Table 2 for more detail.](#)


A slight majority of ESOPs (52%) are in C corporations ([see Table 3](#)).

Figure 2 shows the breakdown of plans by industry. It also breaks out newly formed ESOPs (created in 2014 or 2015). New plans are modestly more likely to be in professional services and less likely to be in the FIRE industries or manufacturing.

—See Tables and Figure 2 on [page 4](#)

**Figure 1. New ESOP Creation by Region**



 The NCEO now has available the new nationwide database of ESOP companies, updated with the most recent data from the U.S. Department of Labor. The new database provides sponsor street addresses, industry information, plan participant counts, asset totals, and more. Regional databases containing plans within each of the nine U.S. Census divisions are also available and is available for purchase at <https://www.nceo.org/esoplist>.

**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.

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