

ISSUE HIGHLIGHTS

- Take a look inside the negotiation of a \$20 million ESOP transaction. You'll see the original offer, the trustee's counter-offer, and the final agreement on [page 3](#).
- Do the benefits of S corporation ESOP status reach everyone at the company? New research compares 61,000 employee-owners to the workforce as a whole and shows that increased economic security applies across age and levels of compensation. See [page 4](#).
- Employee-owner millennials have better economic well-being than non-employee-owners, and new research shows that advantage holds up as these employees get further into their 30s. See [page 5](#).
- The four common flaws in idea systems keep some employee-owned companies from realizing the full potential of employee ownership, but the article on [page 6](#) gives ideas to unlock innovation at your company.
- "I know I'm mortal," is the opening for Roger Ryberg's story about why he sold his business to employees. Learn more on [page 7](#).
- DOL and Reliance Trust Company settle the Tobacco Rag suit. See [page 8](#).
- In the courts, the last twelve months saw new fiduciary process agreements between the DOL and trustees, as well as 21 newly decided cases. See [page 9](#) for our analysis of trends and lessons.
- Stay up to date on legislative developments in the US and the UK on [page 10](#).
- Are you leading an ESOP company interested in making acquisitions? Some ideas to do that right are on [page 12](#).

ESOPS AND THE AMERICAN RETIREMENT CRISIS

New Research on S ESOPs and Economic Security

In the face of what many are calling a retirement crisis, findings from a recent survey of S corporation ESOPs conducted by the NCEO with support from the Employee-Owned S Corporations of America (ESCA) shows the potential role ESOPs can play in addressing this crisis. This survey breaks new ground by collecting data on retirement account balances by wage and age categories that can be compared to the same categories in national data.

By contrast, in a September 2018 study, the National Institute on Retirement Security reported that "the typical working American has no retirement savings."

—Continues on [page 4](#)

NEWS & NOTES

Media Coverage for the Main Street Employee Ownership Act

The Main Street Employee Ownership Act became law as part of the defense authorization act, signed by President Trump on August 13. The bill has been covered by a number of news organizations, including the following.

The Washington Post: The August 30 article by Jena McGregor quotes Joseph Blasi of the Rutgers Institute for the Study of Employee Ownership and Profit Sharing, who called the provision "the most significant policy change on employee share ownership in over two decades." About the bipartisan nature of the support for the policy change, the NCEO's Corey Rosen observed, "We're grasping for ways to deal with economic inequality, and pretty much the two sides can't agree on anything—except this."

CNN Money journalist Lynda DePillis reported on the Main Street Employee Ownership Act, noting that employee ownership "has been gaining traction as a way to shrink the gap between people who make money on investments and those who work for a living." She notes that the bill encourages the creation of ESOPs and worker cooperatives, and quotes representatives of regional state employee ownership organizations in Pennsylvania and the Rocky Mountains.

The Philadelphia Inquirer ran an op-ed by Joseph Blasi and Douglas Kruse on August 15 in which they announced, "The federal government just made it a lot easier to form an employee-owned business." Blasi and Kruse expect the legislation could "double or even triple the growth of employee-owned companies."

The television station **WENY** of upstate New York reported on August 30 that SBA Administrator Linda McMahon supports the legislation: "I think any time that employees have the opportunity to participate in those programs, they feel like they have some skin in the game."

The new law updates the process by which SBA can support loans for employee ownership transitions and encourages outreach about employee ownership. The specific provisions are in our article here www.nceo.org/r/sba.

—See more News & Notes on [page 10](#)

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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