



# **The ESOP Association**

Serving the Entire ESOP Community

## **The ESOP Association Looks Forward to Working with the Biden Administration and the 117<sup>th</sup> Congress**

**January 20, 2021, Washington, DC** — The ESOP Association looks forward to working with President Joe Biden and his incoming Administration to make employee ownership available to the vast majority of privately employed Americans. The ESOP Association believes that employee ownership strengthens our free enterprise economy, increases productivity through greater employee participation and satisfaction, and maximizes human potential by enhancing self-worth, dignity, and the well-being of working Americans.

“I am thrilled to see that many of President Biden’s highest-ranking nominees arrive knowing that ESOPs can help close the wealth and income inequality gap, improve business performance, and bolster our nation’s economy,” said James Bonham, President and CEO of The ESOP Association. “With our nation facing significant issues borne from growing income and wealth gaps, the need has never been greater for all parties to work together in search of solutions. ESOPs—with their long list of benefits for American workers, businesses, and local economies—have always engendered bipartisan support, gaining the backing of leaders with policy agendas as varied as Leader Mitch McConnell (R-KY) and Sen. Bernie Sanders (I-VT). We look forward to continuing that tradition with our new President and the leadership of the 117<sup>th</sup> Congress.”

President Biden has nominated several top officials who have previously voiced support for ESOPs and employee ownership, including:

- Isabel Guzman, nominated to lead the Small Business Administration, [supports creating more ESOPs](#) and encourages educating retiring business owners about the advantages of these plans.
- Jared Bernstein, named to the Administration’s Council of Economic Advisors, recently released his second [study](#) detailing the advantages of ESOPs and endorsing efforts to increase awareness of these plans.
- Marty Walsh, nominated to be the Secretary of Labor, has personally [visited ESOP companies](#) and his agenda as Mayor of Boston aligns with the benefits ESOPs provide in narrowing the wealth inequality gap.

“There are currently more than 10 million employee owners working at ESOP companies, but there should be more,” added Bonham. “Turning employees into owners so they can share in the wealth they help create is an invaluable component to a free-enterprise economy. It is also an approach all sides can agree on. We look forward to working with the incoming administration and the 117<sup>th</sup> Congress to pursue our common goals of keeping businesses running strong and

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keeping employee owners on the job, engaged in moving their companies toward an ever-brighter future.”

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## The ESOP Association

The ESOP Association (TEA) represents the interests of ESOP companies in the United States, including small and large employee owned companies in every sector and in all 50 states. In total, ESOP companies employ more than 10.6 million people and contribute \$1.377 trillion to the U.S. economy annually. The ESOP Association is the powerful voice of the ESOP community and the leading advocate for a policy agenda that helps employee owned companies compete, grows employee ownership here and abroad, and creates jobs across the United States. For more information about TEA or to follow us on social media, please visit [www.esopassociation.org](http://www.esopassociation.org).

## Employee Stock Ownership Plans

An Employee Stock Ownership Plan (ESOP) is a tax-qualified retirement plan authorized and encouraged by federal tax and pension laws. ESOPs are similar to—and governed by some of the same laws and regulations as—401(k) plans. In other ways, however, [ESOPs are quite different from 401\(k\)s](#). When companies launch an ESOP, they form a trust that purchases some or all the company’s shares and holds these shares in retirement accounts for employees. When the stock value increases or decreases, so does the value of employees’ accounts. Unlike 401(k)s, **most ESOPs require no out-of-pocket contribution from employees**. For employees who feel hard pressed to make an out-of-pocket contribution to a 401(k), an ESOP might be the only plan in which they can afford to participate.

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