



EMPLOYEE-OWNED S CORPORATIONS OF AMERICA

March 24, 2022

The Honorable Richard Neal
Chairman
Committee on Ways and Means
1102 Longworth Building
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
1139 Longworth Building
Washington, DC 20515

Dear Chairman Neal and Ranking Member Brady:

Employee-Owned S Corporations of America (“ESCA”) applauds your efforts to advance the bipartisan Securing a Strong Retirement Act. We are particularly supportive of the inclusion of a key provision reflecting themes of legislation introduced by Committee members Ron Kind and Jason Smith to encourage the creation of more private, employee-owned businesses. We thank you for recognizing the value of S corporation ESOPs to worker retirement savings, and for reflecting that recognition in your important legislation.

ESCA is the national voice for employee-owned S corporations, and its exclusive mission is to preserve and promote employee-owned S corporations and the benefits provided to their employee-owners. Most S corporation employee stock ownership plans (“S ESOPs”) are 100-percent owned by their employees. Our S ESOP companies engage in a broad spectrum of business activities ranging from manufacturing to construction to playing critical supporting roles such as retail grocery stores and other essential functions to America’s infrastructure.

As you know well, S corporation ESOPs were created 25 years ago with significant bipartisan support from Congress. Today S ESOPs accomplish exactly what Congress intended: they create jobs, generate economic activity, and promote retirement savings.

Both specifically for S ESOP employees and more generally, your bill will increase retirement savings opportunities at a time when more than 30% of Americans do not have access to a workplace retirement plan and 20% of Americans have no retirement savings at all. By contrast, we note, the vast majority of S ESOP companies offer their workers *two retirement plans* – typically the ESOP plus a 401(k). This focus on retirement security is a hallmark of employee-owned companies.

A new study conducted by the National Center for Employee Ownership found that, heading into and during the pandemic, employees at S ESOP companies had greater job retention and retirement security, including more than twice the average total retirement savings of Americans who work at non-ESOP companies.

We appreciate you recognizing the value of having more S corporation ESOP companies and look forward to working with you to continue to identify more ways to enable more working Americans to be employee-owners.



EMPLOYEE-OWNED S CORPORATIONS OF AMERICA

Thank you for your leadership.

Sincerely,

A handwritten signature in black ink that reads 'Stephanie Silverman'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Stephanie Silverman
President and CEO