



The ESOP Association

Serving the Entire ESOP Community

ESOP Association Statement Regarding the Expected Nomination of Boston Mayor Marty Walsh to be U.S. Secretary of Labor

January 7, 2021, Washington, D.C.— The ESOP Association (TEA) is encouraged by news reports that President-elect Joseph Biden will nominate Boston Mayor Marty Walsh to join his cabinet in the position of U.S. Secretary of Labor. During Walsh’s tenure as Mayor, the City of Boston increased its efforts to grow employee ownership and made a focused effort to that end as part of the City of Boston’s economic inclusion and equity agenda. Walsh’s past support and championship of multiple forms of employee ownership, including both Employee Stock Ownership Plans as well as co-ops, bodes well for leading the cabinet agency with the greatest federal regulatory oversight of ESOPs.

“Mayor Walsh is very familiar with Employee Stock Ownership Plans and their benefits, having visited with the employee owners of Boston-based Harpoon Brewery in 2017, and even attending their annual share price celebration,” said Jim Bonham, President and CEO of The ESOP Association. “Mayor Walsh and his policy staff took the time to visit and specifically learn about ESOPs and their value to employees. Our Association is grateful for his leadership in Boston. The policy goals central to Mayor Walsh’s time in office—including addressing wealth inequality and expanding the pool of business owners—align closely with the strengths of the employee ownership movement.

“If Mayor Walsh is nominated and confirmed by the Senate, The ESOP Association looks forward to working with him and the incoming Biden Administration to turn more American employees into owners of the businesses where they work,” Bonham added.

“The next eight years represent a crucial time for our nation, as literally millions of business owners are expected to retire. Employee ownership can help these businesses remain in operation, preserving jobs and providing vital income for local economies, and transferring billions of dollars in wealth producing business assets to the employees who have helped build these organizations,” Bonham continued. “Boston’s efforts to better understand the needs of employee-owned businesses and to encourage more companies to become employee owned are exactly the kind of efforts our nation needs to preserve stable businesses and valuable sources of income for America’s working men and women.”

The ESOP Association

The ESOP Association (TEA) represents the interests of ESOP companies in the United States, including small and large companies in every sector and in all 50 states. In total, ESOP

The International Employee Ownership Center

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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.

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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