INSIDE: DEAR ABBY, HOROSCOPE, PUZZLES & FEATURES ➤

THE BULLETIN • SUNDAY, FEBRUARY 14, 2021

bendbulletin.com/business

Employee-owned businesses

FOSTERING LOYALTY & PRIDE

Ryan Brennecke/The Bulletin

ABOVE: Diana Gonzalez stocks produce while working at Newport Market in Bend on Wednesday. Gonzalez said she has been an employee with the supermarket for two years and is excited to take part in the employee stock ownership plan that she now qualifies for with the company. BELOW: Jess Jenkins straightens a display of cheese while working at Newport Avenue Market on Wednesday. Jenkins said she has been working at the supermarket for over three years and is taking part in the employee stock ownership plan.

WinCo, Newport Avenue Market, among ESOPs helping workers reach retirement

BY MICHAEL KOHN
The Bulletin

The opening of the new WinCo store in Bend has offered more than just a new option for grocery shopping, for the 140 people working there, it's a chance to own a slice of the company.

WinCo is not the first or only employee-owned store in Bend. Bi-Mart, Newport Avenue Market and Deschutes Brewery all have employee-ownership programs. But the arrival of WinCo in Central Oregon puts a spotlight on a little-known business model.

What are the benefits of converting to an employee-ownership program and is it worth working for one? The benefits are pretty simple, really. It offers financial security for employees who stick with the company for the long haul. The potential is there for six-figure payouts and even a

comfortable retirement.

"We have some people already retire, at full retirement age they are fully vested," said Lauren Johnson, chief executive of Newport Avenue Market, which has 180 employees in Bend and related stores in Terrebonne and Sisters. "It has really been a game-changer for a few of our folks; it is pretty exciting."

The compensation is made through an employee stock ownership plan, commonly referred to as an ESOP. Company profits are funneled into the ESOP to be shared among employees based on their salary and time with the company.

Unlike the sometimes volatile share price of stocks on a stock exchange like the NYSE, share prices for employee-owner stores are largely static. They change periodically after a review of company performance by a third-party evaluator.

See **ESOPs** / *C7*

The truth about how politicians affect the markets

It was November of 2016, and I could hear the distress in the sound of her voice over the phone.

"I think our new president, Mr. Trump, is going to be bad for the country, and the stock market is going to crash! How are we invested to handle that?"

It wasn't the only call like that I took around then. They reminded me of several discussions, eight years prior, that sounded something like this:

FACTS ON FINANCE
By William Valentine

"I think our new president, Mr. Obama, is going to be bad for the country, and the stock market is going to crash! How are we invested to handle that?"

As it happened, stocks did well under both Presidents Obama and Trump, but it's no surprise that I'm starting to take more than a few calls about the new commander-in-chief.

Over my 33-year investing career, I don't recall these suggestions not coming up when the White House changed hands or power shifted between the parties in Congress. This begs the question as to how important federal politicians are in shaping investment returns. The answer may surprise you.

The fact is that politics has almost no discernible effect on the markets. Full stop.

In fact, I would cite this concern as among the most widely held, but false, assumptions among investors. At best, news of material changes in Federal policy, directly targeted at businesses or tax rates, have a marginal impact on stock prices, and those reactions tend to be very short-lived.

Investors have been tilting at this windmill going back to the dawn of stock trading in the United States. The truth is that stock prices are driven by the future direction of earnings, which are powered by the economic cycle, independent of who is running the country.

Now, this is not to say that Fiscal and Monetary policy exist in a vacuum and don't impact the economy. They do — but you cannot associate those changes with any one party or mix of elected representatives.

Some will claim that one political party is "better" for the economy or markets than the other. Often, they cite the average-stock-returns-by-administration as support for this argument. But I was one of those weird kids that loved statistics in school, and I can flatly state that we don't have enough data points to arrive at an empirical conclusion as it relates to party versus market return. Forty-six presidents do not a valid-sample-set make.

See **Valentine** / *C7*