ESOPs

Continued from C1

> *"So many people I know struggle to save for retirement. There was a time I was the same. At WinCo, the worry is removed, and it's as easy as punching in and doing your job."*
>
> **Steve Corbin, store manager of the WinCo in Bend**

> *"The owners felt like it was only fair, to connect that culture with the economics of ownership. It's a way to share the success of the brewery with employees and further develop the ownership attitude where people share a greater responsibility for the future of the company."*
>
> **Erin Rankin, a spokesperson for Deschutes Brewery**

Just how much profit gets shifted into shares varies by company, but in the case of WinCo, an equivalent of 20% of an employee's earnings are placed into an ESOP account. The funds are taken from profits made by the company, not the employee's salary.

For example, if an employee-owner earns $35,000 in wages in a year, WinCo adds $7,000 worth of shares into the employee's ESOP account. As the share price increases, that can translate into big earnings when the ESOP accounts are cashed in, which occurs when the employee leaves the company or retires.

Not everyone is eligible — there is typically an age minimum and also a required minimum of hours. In the case of WinCo, workers must be 19 years old and work 500 hours within six months of employment. At Newport Avenue Market, it's 21 years and 1,000 hours.

There is a bit of a learning curve for the program, said Erin Rankin, a spokesperson for Deschutes Brewery, which launched its ESOP in 2012.

"The plan is not very intuitive so initially, it took some time to get all employees up to speed on the details of the plan and how this benefit impacts each of them as individuals," said Rankin.

There's another catch. The ESOP "bonus" does not entirely belong to the employee to start — a percentage of the funds are forfeited if an employee quits the job before they are "fully vested." In the case of WinCo and Deschutes Brewery, employees are 100% vested after six years, meaning that after six years they can keep 100% of their ESOP bonus.

"The stock grows in value much like traditional stock," said Steve Corbin, store manager of the WinCo in Bend. "The more shares you have the more of WinCo's profits are passed on to you."

That's a big incentive for workers to keep their jobs, greatly reducing employee turnover and training costs.

"We see greater company loyalty and experience lower rates of staff turnover because many of our employee-owners feel invested in a career with us," said Don Leber, vice president of advertising and marketing with Bi-Mart.

In addition to company shares that can be cashed out, WinCo and most other employee-owned companies also offer a 401k plan. For those edging toward retirement, the combination of the 401k plus the ESOP account creates a nice nest egg.

"So many people I know struggle to save for retirement," said Corbin "There was a time I was the same. At WinCo, the worry is removed, and it's as easy as punching in and doing your job."

Standard benefits apply too. Most ESOP companies have competitive benefits packages that include insurance, paid holidays and vacation time, tuition reimbursement, and short-term disability.

That all sounds great for workers, but what's in it for the business owners? Some companies, such as Deschutes Brewery, say it's just "the right thing to do."

"The owners felt like it was only fair, to connect that culture with the economics of ownership," said Rankin. "It's a way to share the success of the brewery with employees and further develop the ownership attitude where people share a greater responsibility for the future of the company."

Roger Lee, executive director of Economic Development for Central Oregon, said when business owners offer a portion of their company for distribution to employees, there can be advantageous tax and liquidity implications.

"When the stock acquisition for employees happens, these are often leveraged with internal loans which repay owners and employees from profits," said Lee.

Other benefits for owners are sometimes less easy to quantify. But the general belief is that workers who also own a piece of the company are incentivized to do a better job and be more dedicated to their trade.

"We think the influence of employee-ownership creates an atmosphere of service that improves everyone's performance," said Leber, from Bi-Mart. "It may not be for everyone or every business, but we stand behind the idea that building a strong relationship between employees and the company pays dividends to everyone involved."

Johnson from Newport Avenue Market said her workers were always proud of their jobs but after the company transitioned to an employee-owner model in 2015, that sense of pride was elevated.

"They have the mindset that is their company too. There is a greater incentive to look sharp and keep the business clean because they know they have a vested interest in the success of the business," said Johnson.

Most importantly, said Johnson, employee-ownership has impacted the patrons who visit the store, as well as the employee-owners. The feeling that more people are benefiting from the success of the store simply permeates a positive vibe.

"ESOP has been a really important thing for our community," said Johnson. "Multiple generations of families have worked here. To be able to take care of our friends and neighbors was the driving force behind our decision."

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Valentine

Continued from C1

What about taxes?

Here's something that will blow your socks off. Did you know that we have had seven periods of material tax rate increases since the Great Depression, and they corresponded with great returns for stocks? It's true. The average annual stock market return during these tax hike regimes was 18.9%, nearly twice the long-term average return of stock of 10%.

I won't go so far as suggesting that higher taxes lifted stock prices, nor will I equivocate that stocks will do great during a future period of tax hikes. Making those cases fly in the face of my prior point about deriving conclusions from sample sets that are statistically insignificant. But I think you can safely say from the data that rising taxes do not hurt stocks.

So, if politics has little to do with stock returns, why do so many people assume the opposite? I think it has everything to do with conflating the idea our preferred candidate will be good for the nation and that will be borne out in the market. Conversely, we assume our rival candidate will be bad: bad for the nation, bad for investors.

As you might imagine, clients who thought President Obama would cause stocks to crash did not vote for him, and the ones fretting about President Trump were not his supporters.

Our biases shape our logic and create a false sense of connectivity between cause and effect as highlighted by the passion behind our views during this period of increasing polarization.

There is plenty to be concerned about as to the future direction of stocks this year, from pockets of frothy valuations, to what the post-COVID world looks like, to the impact on the extraordinary money creation over the last year. That's where my focus will be, not on what's happening in Washington, D.C.

Solve these puzzles on C4

SOLUTION TO TODAY'S SUDOKU

SOLUTION:

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6	4	7	1	2	5	8	9	3
4	8	6	3	1	9	2	7	5
7	1	2	4	5	6	9	3	8
9	5	3	2	8	7	6	1	4
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2/14

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SOLUTION TO TODAY'S JUMBLE

JUMBLE®

Answer:

CLENCH FORMAT RADIUS
VENDOR WICKER EXTENT

After Cupid shot his arrows at the couple, they —

WERE LOVESTRUCK

NYT CROSSWORD SOLUTION

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LAT CROSSWORD SOLUTION

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ANNIVERSARY

Submitted

Becky and Larry Kierulff

Larry and Becky Kierulff

Larry and Becky (Shuck) Kierulff, of Bend, celebrated their 50th wedding anniversary Saturday but will hold a formal celebration at a later date.

The couple were married Feb. 13, 1971, at Calvary Presbyterian Church in Portland. They have two children, Amy (and Randy) James, of Bend, and Kristoffer, of Austin, Texas; three grandchildren.

Mr. Kierulff worked as a meteorologist for the National Weather Service for 34 years before retiring in 2001. He enjoys skiing, playing guitar and his grandchildren's activities.

Mrs. Kierulff was a preschool teacher before retiring in 2000. She volunteers with Volunteers in Medicine and enjoys her grandchildren's activities.

They've lived in Bend 20 years.