



How Much Will My ESOP Account Grow?

We are at the very beginning of our ESOP journey, and we anticipate significant growth in our ESOP accounts over the next 10 years. Let's look at how ESOP accounts grow and what it means for your other retirement accounts.

A brief history

The first ESOP was implemented in 1956, but it wasn't until the Employee Retirement Income Security Act (ERISA) of 1974 that Congress formally recognized ESOPs as qualified retirement plans. Since then, employees participating in ESOPs have consistently accumulated greater retirement savings compared to conventional plans.

The statistics in the sidebar reflect a mix of new and mature ESOPs. As a leveraged ESOP, Ames pays down the debt every year, which may result in our share value increasing even more rapidly.

How do ESOP balances grow?

There are two ways your account balance will grow:

1. Annual allocations of shares
2. Share price growth

The number of shares allocated will be relatively fixed. There were two allocations in 2024, so the number of shares allocated each year moving forward will be approximately half of the 2024 allocation.

Share price growth, on the other hand, is the real power behind long-term wealth generation through compounding growth in account balances. By maintaining our current performance, returns on the Ames share price could achieve 15-20% over the next 10-year period. Participants may see their ESOP balances grow to twice their current compensation by 2034 and potentially 10 times their current compensation by 2044.

It should be noted that this kind of growth is not guaranteed. Should Ames' share price decrease, the value of your ESOP account could decrease too. We, as coworkers, directly impact Ames' results. The better Ames performs, the better return on your ESOP account.

ESOPs deliver wealth

ESOP performance isn't just anecdotal. Research continues to validate their power as a wealth-building tool.



From 2002 to 2019, ESOPs achieved an annual growth rate of 12.2%. This is roughly one-third higher than the S&P 500 over the same period.



The average benefit received by ESOP participants in 2019 was \$26,000, with 70% of that value driven by growth in ESOP account balances.



ESOP participants have more than double the average retirement balance compared to the average American (\$170,326 vs. \$80,339).



Median household net wealth is 92% higher among employee-owners compared to non-employee owners.

What about my existing retirement accounts?

Ames has historically contributed 8-10% of a coworker's eligible compensation to the profit-sharing plan. Provided the company meets or exceeds future financial targets, the target of 8-10% will be maintained through a combination of profit-sharing and ESOP contributions.

As increases in the share price drive an increase in the value of the ESOP contributions you receive each year, the amount Ames contributes to the profit-sharing plan will be reduced proportionately. For example, if the value of your ESOP contribution is 6% of your total eligible compensation, the company would target a profit-sharing contribution of 2-4% of eligible compensation.



Current growth models show that by year five or six, the ESOP contribution may exceed 10% of a participant's annual compensation. At that point, the profit-sharing contribution will no longer be necessary.

Ames has also offered a 401(k) for several decades and will continue to provide this crucial tool for retirement security. We strongly encourage you embrace the concept of "pay yourself first." If you are not currently participating, now is the best time to start taking advantage of the 1.5% company match.

Your work matters

By having a direct stake in Ames' future success, we're all incentivized to contribute meaningfully. The ESOP is an excellent opportunity to build long-term wealth and secure financial well-being for yourself and your coworkers. Together, we have the power to shape Ames' success, and our own.