An Inside Look

AT CURRENT PRACTICES IN NON-QUALIFIED DEFERRED COMPENSATION

DEFERRED COMPENSATION AND EXECUTIVE BENEFIT PLANS

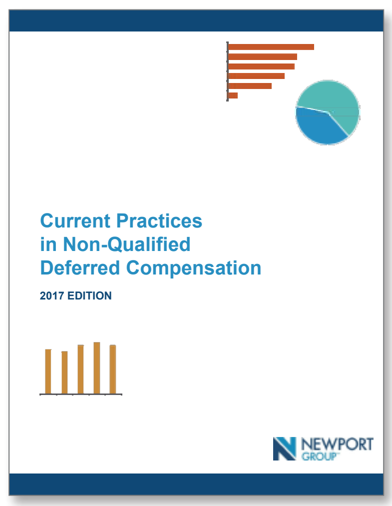
Some highlights from the 2017 edition of Newport Group's eagerly awaited survey of Fortune *1000 companies regarding their use of NQDC plans.*

Survey Findings

A Key Part of Compensation Programs

The following are some findings of the 2017 survey:

- 92% of respondents indicated they have an NQDC plan.
- 93% responded that it is important to them to have an NQDC plan which is competitive with their peer companies.
- 89% responded that an important goal for an NQDC plan is to allow key employees to accumulate assets for their financial planning needs.
- 88% of respondents indicated that an important goal for the NQDC plan was to retain key employees.



About the Companies Using these Plans

- The larger the company, the more likely it is to offer an NQDC plan. Once companies reach $1 billion of annual revenue, they are usually competing for a certain level of key employee talent, and need to have a competitive plan.
- Publicly traded companies slightly lag non-public companies in offering NQDC plans.

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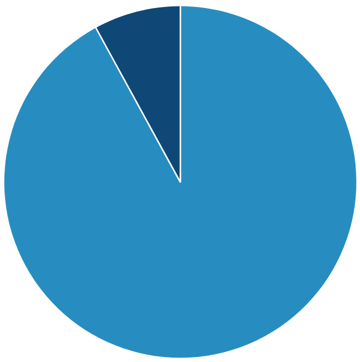

92% of all survey participants offer a non-qualified deferred compensation plan.

- The use of stock in deferral plans is still somewhat low but trending upward. We believe stock will continue to grow in importance in these plans.
- Given the high degree of use of NQDC plans at this point, companies that do not have a plan (or are not fully utilizing their existing plan) are likely falling behind the curve with respect to having an attractive and competitive compensation program.
- As a result of IRC §409A, and the increasing size of participant balances, plan sponsors have become increasingly aware of, and concerned about, the risk associated with improper NQDC plan administration.
- Plan sponsors and participants increasingly prefer to minimize paper statements and enroll, manage and administer plan-related activity online. Most plans today offer online access, and provide asset allocation features similar to what is available to their 401(k) plans.

This constantly changing landscape requires employers, executive benefit consultants and plan administrators to carefully manage the plan design, administration and compliance risk of their NQDC plans. However, change also creates opportunities. If plan sponsors and their advisors are proactive, they can ensure the plans they implement remain a powerful competitive tool.

Find Out More:

To download a complete copy of our survey report, click **here**.