The Importance of Fiduciary Governance Advice for Non-Qualified Plans

Non-Qualified plans are an excellent tool to help retain, attract and reward executives or highly compensated employees. These plans can provide participants additional tax-deferred benefits above the levels available in their 401(k) plan. The Wells Fargo 2018 Nonqualified Plan Benchmarking Survey found that 83% of the companies in their survey offer an executive deferred compensation plan.¹

While the popularity of non-qualified plans is high, many companies may not have the same governance oversight for these plans relative to their qualified plans. According to the same Wells Fargo Survey, 40% of the firms indicated that their nonqualified plans are not on a formal review schedule.

In recent years, the media and owners/shareholders have started to scrutinize companies’ executive pay and benefits. Many firms find themselves unprepared to handle the governance and oversight of their non-qualified plans.

Newport Group believes the key to effectively manage executive benefit plans is to establish and follow a prudent oversight process. As a leading national provider of non-qualified plan services, we work with a wide range of plans and sponsors to develop and implement a governance structure and process to demonstrate uniform governance across benefit plans.

Key areas to evaluate include:

- Committee qualifications and membership
- Meeting minutes
- Committee charter
- Investment policy statement
- Investment monitoring
- Asset/liability management
- Reporting of committee activity to the board

To learn more about how Newport Group can support you and your clients in this area, please contact your Newport Group representative.


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