



Executive Comp Restrictions

Key Issues Regarding
Executive Compensation
and the CARES Act

CARES Act Restrictions on Executive Comp

Important guidelines companies need to know regarding the CARES Act:

- If your company accepts loans or loan guarantees, it must identify officers and employees that have total compensation in excess of \$425,000 for the calendar year 2019.
- During the restricted period of the loan or loan guarantee, employees of the company **cannot** receive (in a consecutive 12-month period) total compensation in excess of the compensation they received in the calendar year 2019.

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Additional restrictions apply to employees with total compensation of \$3 million in calendar year 2019. These employees cannot receive compensation in excess of \$3 million plus 50% of the excess over \$3 million in the calendar year 2019.



How do you define Total Compensation?

Total Compensation includes...

All sources of cash compensation, stock awards, and “other financial benefits” which presumably could include non-cash perquisites or benefits.

NOTE: The CARES Act **does not** define calculation of annualized compensation for employees hired mid-year, non-officer Directors, or independent contractors.

Use of an NQDC Plan...

Although specific guidance from either the Department of Treasury or the Department of Labor has not been issued, companies may be able to utilize a **properly designed nonqualified deferred compensation plan (NQDC)** to help in effectively managing executive compensation concerns and subsequent issues of key-talent reward and retention.

Learn More

Now more than ever, employers need trustworthy partners that can provide accurate and timely advice on issues and events companies have never previously experienced.

Read: [Executive Compensation Restrictions and the CARES Act](#)

(Also available at www.fulcrumpartnersllc.com)

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