

CFO DECISION MAKING:

Integrating Executive  
Benefits into Employee  
Engagement



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# CFO Decision Making: Integrating Executive Benefits into Employee Engagement

After a year in which ‘the whole world changed,’ no one would presume that the landscape of executive benefits has somehow managed to remain untouched.

We can all identify the disruptors, from a global pandemic to widespread economic, political, and social turmoil. But without an in-depth assessment of how an organization’s existing executive benefit plans align with its post-2020 reality, leadership will be challenged to know what can, *and should*, change in their plan offerings.

The purpose and design of executive benefits should be different now because the world itself is different. *But what do these differences look like and what steps should Chief Financial Officers (CFOs) be taking?*

Funding options for retirement plans look different than they did in the past and advancing technologies continue to increase plan efficiency.

## The Lay of the Land

With vaccines being rolled out across the country and the dust finally settling on a contentious Presidential election, there are many reasons for an optimistic business America to see light at the end of the tunnel.

Different verticals were impacted in various ways, yet across all industries the call to executive leadership is the same: **identify changes and use this insight to springboard first stability and then growth in ways that benefit both the organization and the talent that makes that organization successful.**

## Current Cash vs. Deferred Cash

An organization’s well-designed deferred compensation plan helps ensure retention of the key talent it relies on for success. A nonqualified deferred compensation plan (NQDC) can be a powerful tool for attracting and rewarding key talent.

When an organization takes care of its most valuable employees by positioning them to accumulate wealth and save for their family’s financial needs, those talented workers can focus on their jobs without the stress and distraction of personal financial concerns. Even in the face of an unpredictable post-pandemic economic climate, deferred comp plans stabilize companies by stabilizing employees.

Beyond employee stability is the operational stability an NQDC plan affords an organization. A properly funded NQDC plan could provide a valuable executive retention tool that may have little Profit and Loss Statement (P&L) impact to the organization.

## Identifying an Organization’s ‘Real’ Key Talent

Leaders recognize that there is opportunity inherent in crisis. The COVID pandemic positioned organizations to learn how to function more efficiently. Companies either became more flexible—or they struggled. And as the cream rose to the top, some boards and leadership teams realized that they might not have had an accurate perception of which employees are actually their “key” employees.

### Success Strategies in Play

- Restructuring or reorganizing to increase efficiency
- Adapting to manage remote workers
- Evaluating real estate footprint
- Increasing technology/automation
- Stabilizing their supply chain
- Prioritizing diversity and inclusion
- ▲ Stabilizing their essential workforce through strategic reward and retention
- ▲ Stabilizing key executives and the organization to successfully weather a change in control, should it occur

## Employee Engagement in the Age of Essentialism

Nonqualified deferred compensation plans provide a flexible retirement savings strategy that positions highly compensated employees to accumulate tax deferred savings beyond the limits placed on qualified plans, such as 401(k), IRAs, or 403(b) plans. Without this option, these employees face a significant gap between the combined amount of their social security retirement benefits plus their qualified retirement plan versus the amount they need in order to have retirement income comparable to their current income.

Among other advantages of NQDC plans is their structure, which enables plan participants potentially to defer compensation in excess of qualified plan limits on a pre-tax basis. And while both features are credible reasons organizations offer deferred compensation to executives, in today's workplace, the appeal of deferred compensation often is less about tax leverage and more about financial education. There's strength in organizations partnering with executives, providing the individual with tools, education, and investment advisory comparable to what is provided for qualified plans.

Deferred compensation plans should be more than a process for deferring taxes in a vacuum.

An attitude of "let's leave retirement plan options up to the executive," has been replaced by one of partnering with the executive with a goal of achieving optimal results for the individual and for the organization. In a work climate where both companies and employees feel vulnerable, there's little margin for error and a heightened sense that everyone must quickly get on the same page.

## Better Tools Mean Better Executives Mean Better Organizations

Corporate cultures have changed... *permanently*.

Most significantly, companies and plan participants now are united in the quest to be more secure, more strategic, more inclusive, with more meaningful options, and equipped with better tactics for financial education and enlightenment. If organizations gained nothing else in 2020, at the very least they were handed every reason in the world to re-evaluate their executive benefit offerings.

It's a different world.

## About Fulcrum Partners, a OneDigital Company

Fulcrum Partners ([fulcrumpartnersllc.com](http://fulcrumpartnersllc.com)). With a team of experienced industry professionals who serve with diverse skill sets, targeted experience and in-depth expertise in executive compensation and benefits consulting, the financial professionals at Fulcrum Partners, a OneDigital Company, focus on an integrated approach to the design, financing, and plan administration of executive benefits programs. Originally founded in 2007, today the company is part of the OneDigital advisory firm and has executive benefits advisory offices in Atlanta, Georgia; Chicago, Illinois; Charleston, South Carolina; Columbus and Cleveland, Ohio; Delray Beach, Orlando and Ponte Vedra Beach, Florida; Los Angeles and Newport Beach, California; Portland, Oregon; Salt Lake City, Utah, and Washington D.C.



Please [contact any member](#) of the Fulcrum Partners team for assistance in strategically evaluating your company's NQDC plans.

## Expertise that Instills Confidence®

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