

# T-MAIL

Navigating the Executive Benefits Landscape  
with The Todd Organization

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## A Guide for Board Meetings

**W**HEN A COMPANY'S compensation committee seeks information from company executives about its executive benefit programs it is always important to respond quickly and accurately. Whether the committee, and by extension the Board, is looking for a general understanding of the plans or to benchmark them against peers and competitors, the process can be easy and seamless.

The company executives most likely to be “on the point” for providing, preparing, and explaining this information include the CFO, Treasurer, and head of Human Resources.

### The Key Information

A standard industry practice is to provide plan sponsors and plan participants with website access to plan information. As such, the plan design, financing, and administration components are often readily available.

For Board members, having summaries of the plan, information about plan utilization, and competitors' practices are most important. Some companies even provide this information proactively for the Compensation Committee, before a formal request.

Board members often want to make sure they have an understanding of these plans and how they may have recently changed. Many want to make sure that the plans are aligned to be in the interest of shareholders. Another important and growing aim of many boards is to benchmark plans and to determine whether or not changes are advisable. In anticipation of this, many companies are also commencing their own benchmarking.

By anticipating such requests, executives will know what to get and how to get it, while avoiding the significant difficulties that would result if poorly developed, hastily developed or incomplete materials were provided.

# A Guide for Board Meetings... cont'd

## Benchmarking Components

Benchmarking can be done based on a review and analysis of publicly available information in the 10K, 11K, proxy statements, and plan document filings. While this is a difficult and somewhat complex task, the findings can be quite valuable. The competitive issues evaluated often include plan features, eligibility requirements, deferral sources, vesting, distribution options, and funding alternatives.

As a result, companies can use this information to have effective reward, retention, and retirement strategies.

## Other Concerns

For many compensation committee members, it is important to make sure there are no egregious or exotic features to the plans. They want plans to be “in the mainstream” and defensible to shareholders and other outside parties.

Cost is a related issue. Board members will seek information from the Chief Financial Officer and Treasurer to assess how the plans function from a tax and financing standpoint. While the Board is usually not going to advise on specific plan features, they can raise issues and concerns to ensure that the plans are in the interests of shareholders and effective for keeping high quality, value producing executives.

With the past experience of instituting and managing executive benefits at their own company, many board members can provide valuable observations and suggestions about plans. For company executives this can be very insightful and valuable.

The Todd Organization offers benchmarking, plan review, and related analysis in conjunction with Board reviews and other company developments. Whatever requests a Board makes or is likely to make, The Todd Organization is available to help explain and analyze existing plans and how they compare with peers and competitors. For more information, please contact your Todd Consultant or visit our website [www.toddorg.com](http://www.toddorg.com).



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