

# T-Mail

Navigating the Executive Benefits Landscape  
with The Todd Organization

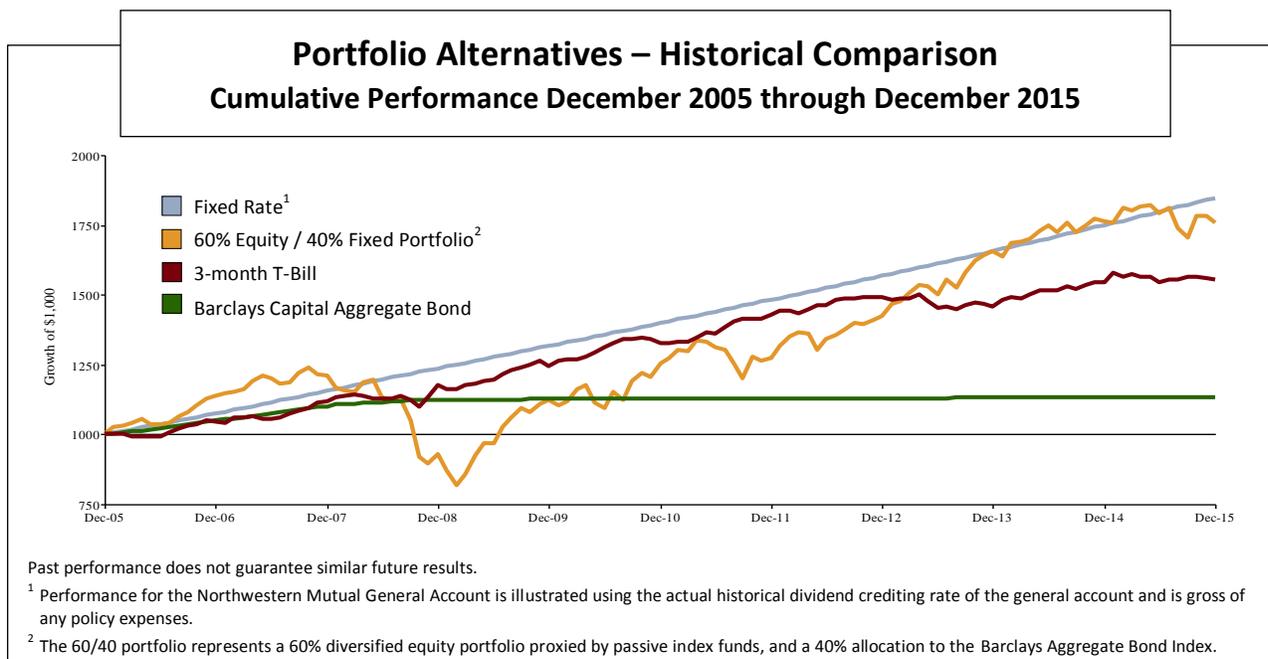


## Fixed-Rate Executive Benefit Plans Take on Renewed Importance

The stock market's recent sharp decline is yet another reminder of one of the central points of retirement planning for many participants and plan sponsors – the desire to have steady, predictable returns.

This is especially the case for executives who would like to retire in three to five years and place a higher priority on protecting assets rather than growing them. Also, if the executive has a large amount of stock options and/or corporate stock holdings, it may be strategically imperative to balance these with larger amounts of fixed-income investments. Indeed, many prefer an approach based on long-term steady growth.

The solution is to offer a Fixed-Rate Option to executive benefit plan participants.



*Unlike other investment choices available, the Fixed Rate Option is intended to provide a predictable, competitive alternative to the other available market driven investment options.*

# Fixed-Rate Executive Benefit Plans Take on Renewed Importance...cont'd

## Advantages for Plan Sponsors

Fixed-rate executive benefit programs are also very advantageous for plan sponsors as these plans are easier to administer and do not have significant value fluctuations that can impact the company's P&L and balance sheet. Indeed, fixed-rate plans are very shareholder friendly.

Plans can be structured so participants can allocate a percentage of their salary and/or bonuses into this retirement vehicle, as well as reallocate all or a portion of their current deferred compensation plan to this alternative.

## Appeal to Plan Participants

While executives approaching retirement may wish to transfer a large amount, if not their entire portfolio into the fixed-rate alternative, the plans appeal to many other executives as well. Even for younger executives, having a component of their executive retirement plan in fixed-rate assets provides stability and security to their retirement account.

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### ***Typical Advantages of Fixed-Rate Option Plans:***

- ***Predictable Returns***
  - ***Easy to Administer***
  - ***Shareholder Friendly***
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Whether equity prices decline even further, stagnate, or even undergo a sharp recovery, fixed-rate investments can and should remain an integral part of executives' retirement planning. In fact, even if equities rise in value, there should be an increase in fixed-income investments as the larger overall value of the portfolio will need re-balancing to align once again with its original strategic intent.

## Ways to Implement

The Todd Fixed-Rate Option can be layered into an existing plan as an enhancement or a new investment option. It can also be offered as a stand-alone plan. The Todd Organization has exclusive access to a number of high credit quality, high yielding life insurance products.

With government bond yields at historic lows, many companies are informally financing this liability to participants using a high quality, traditional life insurance asset that the company owns and controls. The life insurance yield is usually significantly higher than the 10-year Treasury yield. The predictable, stable nature of the life insurance asset partially offsets and efficiently recovers the fixed-rate liability.

The Todd Organization has numerous experts available to help companies institute and refine fixed-rate executive benefit plans. For more information, please contact your Todd consultant or visit us at [www.toddorg.com](http://www.toddorg.com).

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