

Executive Benefits Trends

2007 industry analysis¹ reveals a decade of drastic development in nonqualified plans with:

- Since 1975 there have been 93,152 plans sponsored by 48,476 companies that cover 1,434,844 executives
- Average number of participants per plan is 15
- There are less than 100 participants in 90% of all plans
- There are an average 6 participants per plan when a plan has less than 100 participants
- There is only 1 participant in 24.4% of all plans
- 95% of companies use some nonqualified Deferred Compensation Plan; 92% in Financial Institutions
- 88% of plans provide deferral of base salary
- 95% allow all or part of their short term incentives
- 70% of nonqualified plan participants were lower/middle management (\$150,000 or less per year)
- 67% of companies have a Supplemental Executive Retirement Plan (SERP)
- 50% of companies allow Director deferrals
- 57% of nonqualified plans are informally funded
- 74% of informally funded plans use Corporate Owned Life Insurance (COLI)
- 23% of informally funded plans use Mutual Funds
- 67% of companies use a Rabbi Trust
- 64% provide financial planning as an executive benefit

**Comparative rates from previous years may be found on our website <http://www.weirresources.com/new.html>*

There are several major factors that contribute to the significant proliferation of such participant directed retirement plans.

1. The transition from defined benefit to defined contribution type plans, is largely a result of withdrawal of government support of company provided pension plans.
2. Continued IRS limitations on contributions into and benefits receivable from qualified retirement plans by Highly Compensated Employees.

Dollar/Percent Limits for 2008

<u>IRC Sec.</u>	<u>Item</u>	<u>Limit</u>
415(b)(1)	Defined Benefit	\$185,000
415(c)(1)	Defined Contribution	\$ 46,000
401(a)(17)	Includible Comp	\$230,000
408(p)(2)	SIMPLE Cont. Limit	\$ 10,500
	SIMPLE Catch up	\$ 2,500
402(g)(1)	401(k) Elective Limit	\$ 15,500
402(g)(4)	403(b) TDA Limit	\$ 15,500
	Catch up	\$ 5,000
457(b)	Nonqual Deferrals Limit	\$ 15,500
414(q)	Highly Compensated	\$105,000
FICA	Social Security Base	\$102,000

This planning arena is opening up significantly, not only in number of smaller and middle-sized companies, but for the middle tier executives as well. The basic reality is the quality of a company's compensation and benefits is the key to attracting and retain the highest quality employees and executives. In turn, these employees are the key to achieving the company's strategic goals.

¹ Statistics provided compiled from the *CBG EXECUTIVE BENEFITS –A SURVEY OF CURRENT TRENDS 2006 RESULTS* as well as from Department of Labor Top Hat Database 12/31/2006. Information taken from sources deemed reliable, but is not guaranteed.

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