

# Executive Benefits Group (EBG): Addressing all aspects of executive retirement plans to meet your needs

## The Challenge

There has been a clear and steady change in retirement plans over the last several years. A large portion of defined benefit pension plans have been closed or frozen and the focus has shifted to defined contribution 401(k) plans. With changes in underlying broad-based retirement plans, companies are evaluating how to reshape their executive retirement plans. These changes, combined with the changing regulatory environment and economic uncertainty about the future, create challenges for companies as they strive for internal equity and external defensibility, while trying to meet corporate objectives for recruiting, rewarding, and retaining top executive talent.

## Mercer's Solution

As your strategic partner, Mercer's Executive Benefits Group (EBG) can provide you with strategic solutions for:

- *Benchmarking* your company's qualified and nonqualified plan benefits relative to your peer companies and industry groups.
- *Designing or redesigning* the plan that's right for your company's objectives while adhering to market best practices and regulatory compliance.
- *Communicating* plan value to participants with customized communication material.
- *Administering* vendor searches to find the best plan administrator to meet your objectives.
- *Financing* review and analysis to address the efficiency of plan financing options.
- *Operational Review* to make sure that every aspect of the plan is working the way it should.

## Unique Benchmarking Tools

*Making information and analyses available to you*

Mercer has created a unique database and analytical system—the Executive and Broad-based Employee Retirement Tool (EBeRT), which contains retirement plan information on qualified and nonqualified plans, (defined benefit, defined contribution plans, and voluntary deferral plans) for more than 1,100 US for-profit companies. EBeRT's data is “real-time,” which is critical in this rapidly changing retirement landscape and includes provisions and benefit levels for all retirement programs in which executives participate.

**EBeRT** includes detailed information on retirement plan features, particularly those affecting the form and level of benefits being provided by those companies. This allows us to take a three-pronged approach to benchmarking your benefits against peer or industry groups and understand state of the art plan design features:

1. Prevalence of executive retirement plans to provide a discussion of high level positioning based on emerging trends and plan structure (qualified and nonqualified plans, defined benefit and defined contribution, and voluntary deferral plans; active, closed (no new participants), and frozen (no future accruals) plans).
2. Cumulative benefit levels as a percentage of income at retirement for executive profiles based on your executive population relative to peers and industry.
3. Benefit levels converted to an equivalent annual level percent of pay, allowing a total rewards package comparison.

### **Plan Design and Redesign Experience**

*Presenting market practice for nonqualified plan features to keep your benefits current*

Mercer's EBG has extensive experience in the creation and modernization of executive benefit plans, designed to align with total rewards and cost objectives. These include supplemental retirement plans (SERPs), restoration plans, elective deferral plans, supplemental life and disability insurance, and perquisites. Mercer's EBG also consults in the area of nonqualified plan regulatory compliance to provide clients with insight on IRC Section 409A and other compliance issues.

### **Customized Participant Communication Material**

*Creating an impactful employee experience*

Mercer's in-house, full-service communications and education team is an integral component of our business and further demonstrates our commitment to employee engagement. By applying our combined expertise, we can help you deliver an impactful employee experience that will help your employees fully understand their options, make informed choices, and take action.

### **Administration Vendor Searches**

*Finding the right administrator for you and creating the best participant experience for your executives*

Selecting a plan administrator is an important component of ensuring the success of your nonqualified plan. Mercer can help you find the best administrator for you based on the type of plan and plan features you have, administration costs, plan financing options, high-touch experience for you and your participants, and state-of-the-art web site functionality.

### **Plan Financing**

*Enabling you to decide whether and how best to set aside assets to fund plan liabilities*

Nonqualified plans are frequently informally financed with investment products including mutual funds and corporate-owned life insurance (COLI) through different funding vehicles such as secular trusts, rabbi trusts, split-dollar life insurance and others. Mercer's EBG evaluates the suitability of these strategies for our clients. The evaluation includes projecting benefit liabilities compared to assets and liquidity requirements and an assessment of the various investment products used. Mercer's EBG is not compensated through investment products used to finance plans preserving Mercer's position as an independent, objective advisor.

## Operational Reviews

*Ensuring your plan is operating the way it should be*

Nonqualified plans are complex and have many involved parties (e.g., Payroll, Human Resources, a Third Party Administrator, etc.). Best practices dictate regular periodic plan reviews to ensure that all written materials are in sync and accurately reflect plan features, that all of the parties that touch some aspect of the plan share a common understanding of the way the plan is supposed to work and that all transactions are being processed properly.

## The Total Retirement Solution

*Mercer can help you from start to finish*

We have the expertise to support you all the way through the process, from benchmarking your benefits compared to your peers, designing or redesigning your plan to meet your objectives, evaluating efficient financing that's right for you, and implementation and administration of that plan.

## Why Mercer?

As a leading global provider of consulting, outsourcing, and investment services, Mercer is uniquely positioned to provide the retirement plan expertise, resources, and solutions you need. Consulting to hundreds of qualified and nonqualified benefits' clients annually, we are able to identify emerging trends in all areas of executive benefits. Whatever your goals—whether changing your retirement plan design, communicating changes about your plan, or adding other benefit features—Mercer can help you achieve your objectives.

## How can Mercer help?

- Mercer's Executive Benefits Group (EBG) is a national consulting practice with 20+ members.
- For more than 30 years, EBG has provided consulting services focused on the benchmarking, design, financing, administration, and regulatory compliance of executive benefits plans.
- EBG consults with more than 600 clients annually, enabling them to see emerging trends in all areas of executive benefits.
- The quality of information in EBeRT and the ability to customize cannot be obtained from static published surveys.

For more information about Mercer's solution to understanding and valuing executive retirement benefits within the context of total executive remuneration, please contact any of the members of Mercer's Executive Benefits Group.

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