After a management shake-up, a large professional services firm was looking to evaluate their partner retirement plans and, in particular, measure the timing and magnitude of their projected unfunded benefit obligations as well as analyze alternative funding mechanisms.

A&M's solution included the following:

1. We developed an Interactive Analytical Financial Model (IAFM), our interactive dashboard system that utilizes analytics, insurance arrangements, leverage and NQRP plans to efficiently plan and fund retirement plan obligations
2. We benchmarked the company’s compensation and benefits structures versus a selected subset of their peers
3. We recommended an alternative retirement plan strategy that included funding recommendations for short-term, intermediate-term, and long-term projected cash payout obligations as well developed separate funding targets for each duration liability

As a result, the client is now:

- Competitive versus their peers after benchmarking
- Giving greater protection from firm and individual creditors
- Resoundingly accepted by partners with 98% partner approval
- On track to keep benefiting the firm by removing the $1.24+bn burden of future benefit liabilities that could inhibit bottom-line growth of future M&A opportunities

Source URL: https://www.alvarezandmarsal.com/insights/unfunded-liability-analysis-funding-solutions

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