



## COMPENSATION AND BENEFITS PRACTICE

# Designing Effective Executive Compensation Programs

Executive compensation practices continue to be placed under a microscope. With the goal of increased transparency, Congress has passed legislation which has caused companies to face voluminous disclosure and other regulatory requirements. Recent tax reform efforts have made substantial changes to longstanding rules governing the deductibility of executive compensation, and proposed changes to the tax code could create even more uncertainty in the months and years ahead. In this new and evolving regulatory environment, companies must continue to attract and retain key performers who will be catalysts for long-term growth.

### Forces Influencing Executive Compensation



Alvarez & Marsal offers an experienced team of executive compensation and benefits professionals to assist with the design, implementation and administration of effective and efficient executive compensation programs. Companies navigating the complex and ever-changing world of executive compensation rely on A&M to advise them regarding the tax, accounting, human resources and regulatory requirements of their executive compensation arrangements.

#### Our Compensation and Benefits services include:

- Executive compensation plan design, including “pay-for-performance” incentive plans
- Benchmarking compensation to determine competitive levels of market remuneration
- Development of short- and long-term performance metrics, including assessment of their alignment with external market practice, internal organizational goals and ESG concerns of stakeholders
- Preparation of executive compensation disclosures for publicly held entities in accordance with the Securities and Exchange Commission’s rules, shareholder advisory firms’ guidelines and other applicable guidance

- Dodd-Frank Compliance Services:
  - “Say-on-Pay” shareholder voting requirements
  - Clawback provisions
  - “Say on Golden Parachute” disclosures
  - CEO pay ratio disclosures
  - Pay-for-Performance disclosures
- Guidance on the \$1 million deduction limitation under Section 162(m) to understand how the recent legislation affects your company
- Accounting services for executives’ equity awards including stock options, restricted stock and performance awards
- Pre- and Post-Merger Integration Services:
  - Golden parachute calculations (Section 280G) and the “Say on Golden Parachute” disclosures / voting process
  - Due diligence for executive programs
  - Severance and retention planning
- Nonqualified deferred compensation plan design including Supplemental Executive Retirement Plans (SERPs)
- Review of deferred compensation arrangements for Section 409A compliance and assistance with correction programs for any identified failures
- Design of bankruptcy compensation programs, including key employee incentive plans (KEIPs), retention plans and severance plans
  - Proprietary database of bankruptcy compensation plans allows for effective and efficient plan design that can withstand court and creditor scrutiny
  - Trusted provider of expert testimony in defense of compensation arrangements
- Technical and administrative support for IRS executive compensation audits

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Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 6,000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M’s restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what’s really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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