

Avoiding the Pitfalls of Bundling Services

Why a Nonqualified Deferred Compensation (NQDC) Plan Specialist is Key to Plan Success

The benefit programs a company must manage to deliver a competitive total rewards package is extensive and burdensome. Adhering to the applicable requirements and regulations while managing the documentation, compliance and day-to-day recordkeeping fall well outside of the internal resources of most companies.

To solve this problem and provide the best experience for their employees, most companies partner with specialists. For example, a company will select an outside partner that specializes in payroll processing, another partner that specializes in health and wellness and so on.

While it may seem obvious that a company would not use the same vendor to handle their payroll as their health and welfare benefits, there are other programs that are sometimes bundled together resulting in limitations and issues with regulatory compliance, participant and sponsor service.

While NQDC Plans may appear similar to qualified plans (ex. 401k), they are governed by a separate section of the IRS code, 409A. Just like a payroll provider would not have the systems and expertise to administer health and welfare benefits, qualified recordkeepers often do not have the appropriate systems in place and necessary resources to devote to these plans. When designed and administered properly, partnering with an NQDC specialist can transform NQDC plans into a powerful financial planning tool for participants and a valuable recruiting and retainment instrument for employers.

Unique Service Model and Dedicated Service Teams

- Team-based, dedicated client service team model handles all aspects of each client's plan administration reducing errors and providing service continuity.
- 16 years of industry experience with a 13-year average tenure

Administrative System and Recordkeeping Accuracy

- 409A specific recordkeeping system
- Plan and funding agnostic – No restrictions on plan design or informal funding arrangement
- SOC1 – Type 2 audit record - 17 consecutive years with zero material exceptions.

NQDC Plan Education and Understanding

- Singularity of focus on NQDC provides resources to maximize the available benefit
- Reporting and proactive outreach to engage employee population
- 42% of our plans are takeovers from other recordkeepers. Following conversion, Nolan Financial increases enrollment by average of 20% by year two.

If you have questions regarding nonqualified deferred compensation plans, please reach out to Michael Nolan, NolanM@nolanfinancial.com, or Kenton Quick, QuickK@nolanfinancial.com, or by phone at (888) 886-9128.