

Comparison of Nonqualified Retirement Plans

Deferred Compensation Plan	Deferred Contribution Plan	Defined Benefit Plan	Phantom Stock
Permits key employees to defer compensation on a pre-tax basis in a manner similar to a 401(k). Deferring taxation on both compensation and account growth can significantly increase a participant's after-tax retirement income.	Similar to a profit sharing plan, this plan rewards key employees for their individual annual contribution to corporate profitability. This type of plan provides the greatest pay for performance planning flexibility.	Similar to a defined benefit pension plan, this plan rewards key employees for longer-term employment commitment. Benefits can be delivered as a fixed amount, percent of final pay or a years of service benefit formula.	This plan allows key employees to take part in the equity appreciation of the company through ownership of phantom shares of corporate stock. This plan also rewards them for their individual annual contribution to corporate profitability and growth.
Employer Advantages			
No pre-tax cost	Pre-tax cost is equal to reward contributions	Can be pre-funded at minimal impact to corporate earnings	Can be pre-funded at minimal impact to corporate earnings
Informal funding costs are offset by participation deferrals.	Vesting on reward contributions reduces costs on short-term participation and compliments company compensation and retention strategies.	Vesting on benefits compliments company compensation and retention strategies.	Vesting on benefits compliments company compensation and retention strategies.
	Plan costs are offset indirectly through increased profitability.		Plan costs are offset indirectly through increased profitability.
Employee Advantages			
Greater personal wealth accumulation	Employer provided personal wealth accumulation	Employer provided supplemental retirement income	Employer provided share in the profitability of the company
Employer Risks			
Mismanagement of informal funding assets	Mismanagement of informal funding assets	Insufficient assets for pre-funding or benefits obligations	Creates cash payout at termination of employment or sale of business
Employee Risks			
Employer Insolvency	Employer Insolvency	Employer Insolvency	Employer Insolvency