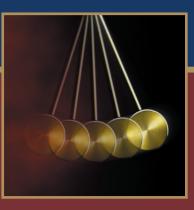


Executive Benefit Plans: Has the Pendulum Swung Too Far?

A Series Examining the Changes and Growing Challenges in Executives' Retirement Plans -- and How to Address Them



Thinking Years Ahead

In addition to providers and plan sponsors working together so that non-qualified plans are consistently managed effectively on a current basis, it is also important to think about the long-term composition and reason for executive benefits.

Plan sponsors and providers should periodically take a long-term, visionary view of the economic landscape so executive benefit plans will thrive and pass the many tests of time.

The very foundations of America's financial system were shocked in 2008. Many prestigious and highly leveraged institutions, once perceived as immune to downfall, fell or had to be rescued.

So, it is more important than ever to work with financial firms that have the highest credit ratings and a long history and firm commitment to their industry.

Because of the numerous changes and uncertainties in the financial world, companies can know that their executive benefits plans make sense today and tomorrow by following these core principles:

- Safety and Security is Paramount. With all the market fluctuations, executive turnover, and the changing business dynamics and focus of successful corporations, some things remain clear. First, baby boomers will continue to age. With current shortfalls in savings, they will want to earn and save greater amounts for retirement. In all likelihood, they will place even greater value on executive retirement plans in the years ahead.
- *Anticipate change.* It is important to use systems and procedures that are ready for changes in the markets and executives' preferences in retirement plans. This includes being ready if the company faces a takeover, friendly or hostile. Employing a rabbi trust with clear provisions provides important peace of mind now and in the future.
- *Financing plans.* To maximize shareholder value and promote prudent asset-liability management, companies that have not financed executive benefits should do so. This applies to both public and private companies.

Since pioneering the non-qualified retirement plan industry in 1957, The Todd Organization has seen many changes in the field. We know that providing customized, value-driven plans that help companies retain and attract teams of quality executives will continue to be important. As in the past, we are committed to focusing on this business.

However the pendulum swings, in the near term and long term, we understand that executive benefits are important for generating maximum shareholder value, meeting executives' needs and those of their families, and helping companies manage their business smoothly and effectively.

We look forward to continuing this work with companies in all major industries, helping them focus on growing their business and meeting their missions.



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