

# The View from Level VII™

## EXECUTIVE BENEFITS

### SEC's FINAL RULES ON EXECUTIVE COMPENSATION

The SEC proposal coined the “Katie Couric Clause” would give shareholders “information about the use of corporate assets to compensate extremely highly paid employees in a company.” Disclosure regarding executive compensation, beneficial ownership, related person transaction and corporate governance matters must be written in “plain English” in accordance with the SEC’s guidance. Time to start re-wording proxy statements in “plain” English today!

The Securities and Exchange Commission recently published new rules that will effect sweeping changes to its disclosure requirements for executive and director compensation. These changes will affect how compensation is disclosed, which executive officers are included in the compensation tables and what companies disclose about their compensation policies and procedures, among other things.

The Executive compensation disclosure and the compensation discussion and analysis (“CD&A”) will be “filed” and not merely “furnished.” The CD&A will be filed with the Commission and will be considered soliciting material, and part of any other filing such as the Form 10-K, and would be covered by the certifications that CEO and CFO are required to make under the Sarbanes-Oxley Act of 2002.

In such matters, management will need to have confidence that the history of these matters and policies,

and their review and approval by the board, where applicable, are supported by appropriate documentation in the company’s files, including board and committee minutes. It may sound daunting at the outset; however, CEO and CFO will be able to provide a review of the company’s file with an opportunity to review any gaps.

We recommend you consider possible underwriter due diligence procedures and conference calls with compensation committees to review a checklist describing elements of compensation and the new SEC Rules.

What should you be doing?

- (1) Implement disclosure controls and procedures for new compensation tables and CD&A (Compensation, Discussion & Analysis).
- (2) Consider desirable practice and process changes in anticipation of new disclosure rules.
- (3) Re-write proxy statements in plain English.
- (4) Consider adoption of related person transaction approval policy.

**Weir Financial Resources, LLC** is a financial advisory firm offering information, ideas and solutions in Executive Benefits, Business Succession and Private Wealth Planning.

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## HUMAN RESOURCES

### SNOW DAYS

Employers' leave and payment options for exempt employees:

During office closures, i.e., weather or other disasters, as the employer you may direct exempt staff to take vacation or debit their leave bank account, for either full or partial days, without jeopardizing the employees' exempt status, provided the employees receive in payment an amount equal to their guaranteed salary. Employers are not required by FLSA to provide vacation time. If they do, they may require that a vacation day be taken on a certain day. If the employee no longer has any vacation time left, the employer must pay the employee his or her guaranteed salary for any absences occasioned by the employer or the operating requirements.

If the offices remain open and the exempt employee does not come to work, such absences would be for personal reasons, and employers may require that the person take vacation or make leave deductions without jeopardizing the employee's status. Employees without any leave benefits do not have to be paid for the full day(s) they do not come to the office. However, for absences less than a day, employees who do not have any remaining vacation or leave bank time must be paid an amount equal to the employees' guaranteed salary for absences less than a full day.

**HR Professional Consultants, Inc.** offers human resource services and outsourcing for businesses of various sizes. For additional information or assistance in developing such a program please contact

**Jim Chwojdak**  
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- Strategic Performance Management
  - Human Resources
  - Risk Management
- Executive Compensation & Benefits
  - Employee Benefits
  - Private Wealth Planning

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Alliance of Business Professionals

## PC Maintenance Tips from Level VII

### Every Day:

- ☉ Update your virus definitions: keep your antivirus software up-to-date
- ☉ Backups: incremental backups are essential
- ☉ Reboot when programs crash: when an application fails it can cause problems with other programs.

### Every Week:

- ☉ Full virus scan: you should run a full scan at least 1x per week to find anything hiding on your system.
- ☉ Run a Full backup: along with daily backups, for ultimate protection.
- ☉ Run Windows Update: these patches from Microsoft will secure your system.
- ☉ Run a Spy ware & Ad ware removal program. Tools like Spybot, Ad-Aware and Microsoft's Defender can quickly find and remove spy ware.

### Every Month

- ☉ Check for program updates, updates may provide security and performance enhancements
- ☉ Check for new hardware drivers

### Every Year

- ☉ Clean your PC, vacuum carefully clear out the dust that collects inside your pc and can clog up the fans.
- ☉ Remove unnecessary programs: if you never use a program uninstall it. It will free hard drive space and many programs run at startup. Removing them will help speed up your pc.

### EMPLOYEE BENEFITS

#### “SMART MONEY”

Health Reimbursement Arrangements (HRA Accounts) allow employers to fund increased deductibles and co-pays when less expensive medical insurance plans are introduced. HRA Accounts also help fund uninsured dental and vision care expenses. We like to call HRA Accounts “smart money” because they have significantly lower overhead expenses than insurance premium dollars.

- Unused HRA Account dollars at the end of a Plan Year can be carried forward from year to year, and can even be used after retirement.
- Employer funding of HRA Accounts is discretionary: and amounts can be adjusted, as circumstances require.
- HRA Account dollars can be used for any tax-deductible medical, dental, and vision care expenses; with no income tax attributable to employees.
- HRA Account dollars are tax-deductible to employers when they are actually spent by employees.
- Employers and employees save insurance premium dollars by buying less expensive medical insurance plans, and part or all of the savings can be redirected to more cost-effective HRA Accounts.
- HRA dollars can also be used for expenses incurred by covered dependents (employee spouses and children).
- HRA Accounts are normally linked with electronic “debit cards” to allow easy, paperless reimbursement for most eligible expenses.

Please contact us if you would like more information on HRA Accounts.

**Benefits Advantage, Inc.** provides consulting and insurance brokerage services for all types of employee benefits programs. Emphasizing *personal service, creative ideas, and positive results*; Benefits Advantage Inc. has 30 years of industry experience in working with clients.

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### STRATEGIC PERFORMANCE MGMT

#### EFFECTIVE EMPLOYEE

“The results are definitive,”

“Through this unique and first-of-its-kind study, we have been able to quantify the impact that human resource practices have on small businesses. Rather than simply being an additional cost, investments in effective employee management strategies can help a small business grow sales and profits.”

The most effective strategies were identified as they relate to employee selection, employee management and employee motivation and retention strategies. The strategies identified as most effective for small businesses are:

1. Hiring based on person -organizational fit, as opposed to only person-job fit. The study proved that hiring candidates who fit the culture of the company is more effective than hiring solely based on skills that fit a specific job.
2. Managing employees using a self-management strategy, as opposed to a controlling management strategy. The study shows companies that give employees greater discretion, trust and empowerment perform better than those that have tight controls and closely monitor their employees.
3. Motivating and retaining employees by implementing a family-like environment/community, as opposed to using individual monetary incentives. Companies that create a family-like environment in the workplace using employee socials, company-wide meetings and challenging employees, see increased business outcomes than those who just use money as an incentive.

**Stone & Associates** stands ready to assist with performance measurement systems, or any of our other Strategic Performance Management, Financial Management Consulting or Business Performance review services.

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