

EXECUTIVE BENEFIT TAX UPDATE

SEPTEMBER 2003

For Friends & Clients of NCR Executive Benefit Services...

Summer is waning and the kids are heading back to school - we hope that you all enjoyed the summer and that 2003 is shaping up to be a good year for you and your business. Congress is returning to work in September and we thought this would be a good time to update you on legislative and tax issues that have come up this summer.

As we have mentioned before, regulators and politicians are “on the lookout” for egregious executive compensation practices and some of the most obvious (offshore trusts, etc.) will no doubt be eliminated. In fact, House Ways and Means Committee Chairman Bill Thomas introduced a bill in July that would restrict or eliminate many of these aggressive practices.

The proposed legislation would also require modifications to some existing plans – specifically in terms of early payout and change in election provisions. However, deferred compensation plans will not become extinct and most will be able to continue with only minor modifications needed. We will keep you updated on any new developments on this legislation.

We still believe that conservatively-designed plans will survive these legislative proposals and will continue to be an important tool for companies to use in rewarding and retaining key employee and management talent.

Other topics that we will monitor and update you on during the coming weeks include: split-dollar insurance regulations, pension plan rulings, and additional developments in tax-shelter rulings and regulations.

If you need more information on these or other issues, please contact us. You can also visit our website library for back issues of this newsletter and topic-specific papers we’ve written on various nonqualified benefit issues. We want to be your primary resource for key employee benefits and tax information.

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