



3600 MINNESOTA DRIVE
SUITE 375
EDINA, MINNESOTA 55435
952.806.9610
FAX 952.831.0161

NEWSLETTER – OCTOBER 2011

To Our Clients, Business Partners, and Friends...

With the Twins, Vikings, and Gophers all in various states of disrepair and/or futility... about all there is left to do these days is work. Well, we are hard at work here at MCR as our business continues to accelerate! I hope this letter finds your business continuing to grow and improve.

There is no real news to report that would affect non-qualified (NQ) deferred compensation and benefits, but we continue to monitor the “goings-on” in Washington, D.C. to make sure that you are up-to-date and in compliance.

Fixed Interest Rates in Deferred Compensation Plans

Many of our clients’ plans include a fixed interest rate of return that changes annually, with no risk of principal (i.e., the value cannot decline) – some clients use the fixed rate exclusively. In plans that also include equity portfolio options, we typically see about 70% of all participant contributions directed into that fixed interest rate option!

Considering how the equity markets have performed (or more accurately, NOT performed) over the last decade - and especially the last couple of years - it’s no wonder that participants gravitate to the safety and predictability of a fixed interest rate. If your company doesn’t offer such a rate in your plan, it can be added very easily. We would be happy to help you with that process.

Plan Enrollment Season

As key employees approach retirement age, they have questions about how their non-qualified benefits will work during retirement, what options they have to change contributions, investment allocations or payment elections. These questions are best answered by someone who knows both the inner workings of the plan, and the tax rules and regulations that guide these decisions.

As always, we encourage our clients to use our annual enrollment services: we present the plan to eligible employees in group meetings; answer questions in the group or individually as needed; and serve as the client’s HR department for any questions after the meetings. Face-to-face meetings are a key element to ensuring the success of any benefit plan and they help the sponsoring company enhance participant understanding, and their perceived value, of the plan.

MCR in the Media

Thanks to those of you who attended the FEI *Forward* conference on September 21st at the Minneapolis Hyatt hotel. If you missed it, I spoke as part of a panel moderated by Neal St. Anthony of the *Star Tribune*. Finally, watch your mail for the October 2011 issue of *Minnesota Business* – it contains an article written by yours truly! I told you we’ve been busy... ☺

Thank you for the chance to be of service. Please let us know if we can provide any additional information related to these, or other, key employee compensation and benefit issues.