



Employer DCP Checklist

1 Information to have on hand as you start the process.

Target start date

Entity's legal name

State of incorporation

Company structure

Who is your company's
Finance contact?

Who is your company's HR
contact?

What is the entity's total number
of employees?

Are there affiliate companies
whose employees would be
eligible to participate in the plan?

2 Determine the type(s) of nonqualified plan/s you want to offer your key employees.

Deferred Compensation Plan—

This is the traditional long-term deferred compensation plan.

Supplemental Executive Retirement Plan (SERP)—

A SERP is a company-paid benefit (defined contribution) designed to retain your executives until retirement.

Long Term Incentive Plan (LTIP)—

This is an incentive-based plan (employer contributions) that rewards your eligible key employees for reaching specific company goals.

3

Decide how you want to determine your eligible group.

Remember that with 409A Direct, the minimum number of plan participants is 5 (plus the company must have at least 34 total employees). Note: The maximum number of employees that can be on a 409A Direct DCP is 15% of your total number of employees. For example, if you have 100 employees, your plan can have a total of 15 employees in the plan.

Your eligible group can be based on any of the criteria below—

Total compensation

Key employees

Job title

Board of directors

Employee class

Highly compensated employees*

*Highly Compensated Employee (HCE): An employee whose compensation will total or exceed \$150,000 in 2023.

4

What types of compensation can be deferred?

Salary

Incentive compensation

Bonus

Company contribution

Commission

401(k) spillover

401(k) spillover match
(company contribution)

Severance

5

Determine whether participants can defer all or just a portion of the eligible compensation to offer your key employees.

The company can determine which of the following ways plan participants can defer their compensation—

Dollar amount

Whole percentage

Percentage in excess
of a dollar amount

Percentage up to a
dollar amount

6

Will you offer an evergreen provision?

Individual participant elections remain the same for each new plan year—or will you require them to make a new election for each plan year?

7

Decide when your employees can receive their payouts. Payout options include—

Specified date

Separation of service

In-Service Distribution

Retirement (at separation of service or when participant reaches retirement age)

Delayed separation of service (separation of service, plus an additional number of years)

Alternate Payout Elections

Disability

Survivor benefit

Change in control in the event the company is acquired

If you have any questions as you move through the process, please reach out to us by calling 813-776-6933 and ask for a 409A Direct Ambassador, or email clientservices@409ADirect.com.

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