

## 2016 / 2017 Executive Benefits and Perquisites Survey for Higher Education Institutions

### The role of executive benefits and perquisites in total compensation

Executive benefits continue to be a strategic component of total rewards programs. Institutions provide executive benefits for a multitude of reasons:

- Allow executives to receive the **same level of benefits** as all other employees
- Utilize benefits as a tool to **attract the best talent** and retain them once hired
- Provide additional benefits to **help prepare executives for retirement** or other, more unexpected, life events

However, institutions must carefully consider the impact of benefits on the level and mix of total compensation. This is especially critical for those institutions that are subject to Intermediate Sanctions.

Institutions need to continually assess the elements of their programs to ensure they achieve an appropriate balance that is responsible and does not create undue risk. In order to help employers better understand how benefits fit in the overall total rewards picture, Mercer has conducted its sixth biennial survey of executive benefits practices for higher education institutions.

The findings from the survey – in combination with Mercer’s consulting expertise – can help institutions be more informed in their decision making. Results from the survey can be utilized to:

- **Benchmark** benefits against competitive practice
- **Assess** reasonableness under Intermediate Sanctions regulations
- **Understand** the value of benefits programs
- **Identify** features/designs of benefits that are not aligned with market practice or business objectives

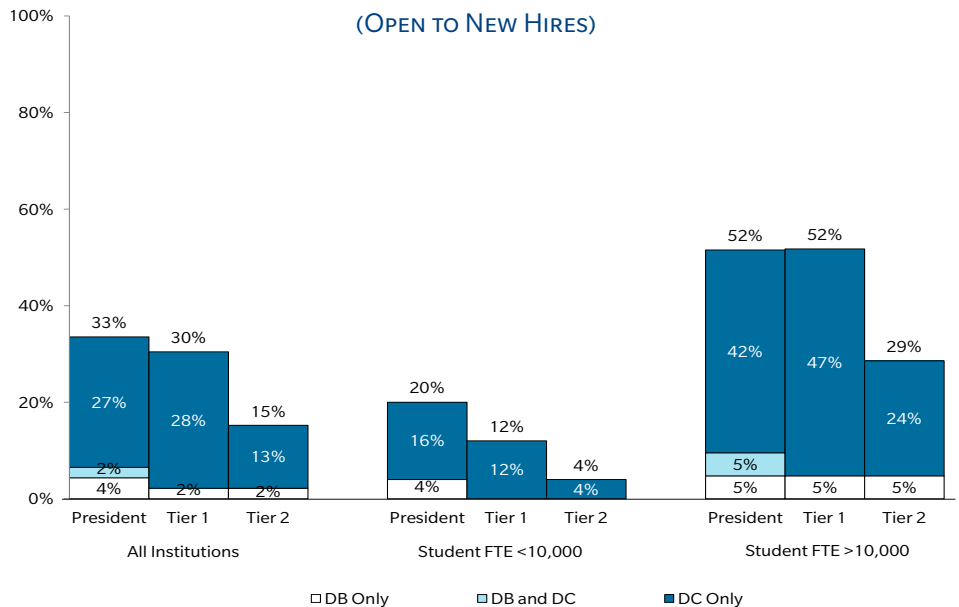


## SAMPLE FINDINGS

Nonqualified retirement plans, as well as other executive benefits, are somewhat prevalent among higher education institutions. Approximately 35% of all institutions surveyed provide supplemental employer-paid retirement plans for executives (see Exhibit below).

The vast majority of executive retirement plans are 457(f) nonqualified plans. However, some institutions provide employer contributions to 457(b) plans or provide supplemental contributions annually as additional cash compensation, in addition to or in lieu of a 457(f) plan.

PREVALENCE OF EMPLOYER-PAID EXECUTIVE RETIREMENT PLANS  
DEFINED BENEFIT (DB) VS. DEFINED CONTRIBUTION (DC)  
(OPEN TO NEW HIRES)

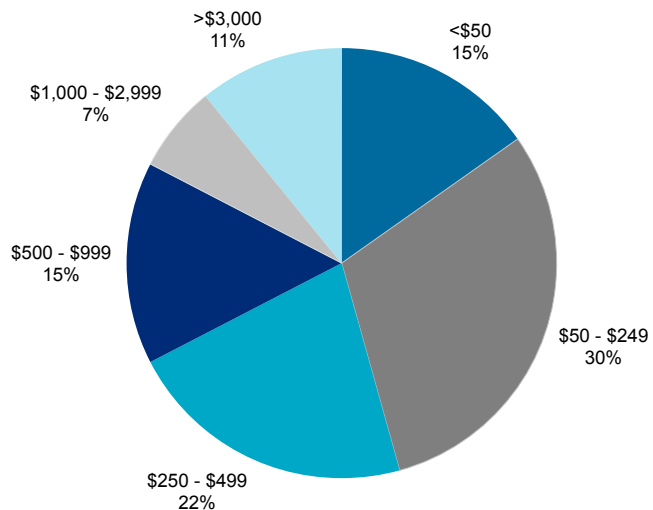


President = Head of Institution; Tier 1 = Direct Reports to President; Tier 2 = Direct Reports to Tier 1 Executives

## ABOUT THE SURVEY

Mercer's proprietary 2016/2017 *Executive and Benefits and Perquisites Survey for Higher Education Institutions* contains information about the executive benefits and perquisites provided by over 40 institutions across the US.

HIGHER EDUCATION INSTITUTIONS BY NET REVENUE (\$MIL)



*“Continued public and media scrutiny combined with the change in presidential administration make understanding executive benefit market practice within tax-exempt organizations more important than ever.”*

Micah McNatt, Principal, Mercer

## WHAT'S INCLUDED

Participants in the survey receive a complimentary copy of the standard report which provides data across the survey population (over 40 institutions) and comparisons by institution size.

Our standard report includes valuable information on a variety of executive benefits topics, including prevalence and benefit levels (see sidebar for a listing of topics). Custom reports are available by request.

## MERCER CAN HELP

Mercer can help you understand how total compensation at your institution stacks up against similar institutions. Once you participate, you have access to reliable information for designing a total remuneration program to attract and retain key talent. What's more, you can more effectively explain your plans to various constituents, including regulators, the IRS, and the community.

## ABOUT EBG

Mercer's Executive Benefits Group (EBG) is a national practice with over 20 consultants. For more than 30 years, EBG has provided consulting services focused on the benchmarking, design, financing, administration, and regulatory compliance of executive benefit plans. EBG consults with more than 600 clients annually, enabling them to see emerging trends in all areas of executive benefits.

## HOW TO PARTICIPATE

If you would like to participate in the survey and receive a complimentary copy of the standard report, please go to <http://www.imercer.com/HigherEdExecutiveBenefitsSurvey> or click [here](#). For more information about Mercer's solution to understanding and valuing executive benefit and perquisite practices within the context of total compensation, or to request a custom report, please contact one of our Executive Benefits consultants.

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## SURVEY TOPICS

### *Retirement plans*

- Qualified retirement plans
- Nonqualified retirement plans
  - Restoration plans vs. SERPs
  - Voluntary deferrals
- Substantial risk-of-forfeiture provisions
- Handling of taxation upon vesting

### *Severance benefits*

### *Health and welfare benefits*

- Broad-based and executive life insurance (pre- and post-retirement)
- Broad-based and executive short- and long-term disability
- Broad-based and executive medical and long-term care

### *Perquisite practices*