



**NHS Human Services
Non-Qualified Deferred Compensation
A Non-Profit Perspective**

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Agenda

- About NHS
- NHS Plans
- Future Changes
- Questions

About NHS

- Largest non-profit community based provider of human services in the nation
- \$488 million budget
- 12,000 employees
- 650 sites in 7 states
- VP group of 20
- Senior Executive group of 9

NHS Plans

- 403(b) Plan for all eligible employees
 - 4.5% match
 - Addition ½% at 5 and 10 years
 - Immediate Vesting
- 457(b) and 457(f) plans for Senior Executive Group

457 Plans

- Current Structure
 - Company contributions only
 - Based on % (15/20/25) of prior year compensation
 - Vesting at 20 years of service or age 60
 - Funded on annual basis
 - Statutory limit to 457(b)
 - Investment options at employee discretion

457 Plans (continued)

- Compensation Committee Goals
 - To get NHS executives to market level compensation
 - Part of overall executive compensation study done in 2003
 - To use 457(f) plan as executive retention tool

Future Changes

- Open 457(b) Plan to entire VP group
 - Offer additional employee contributions only at first
 - Committee to consider employer contributions in future years
- Terminate 457(f) plan
- Convert to After-Tax Savings Plan

Why the Change?

- Tax Benefits
 - Projected increase in future tax rates makes current day tax rate better
 - Especially for older executives
 - Wasn't promoting executives to save any additional dollars for retirement
 - Committee no longer sees need for “Golden Handcuffs”
 - Immediate vesting in After-Tax Plan not a concern
 - Creative ways to deal with future employer contributions if executive takes non-hardship withdrawal to provide some retention benefit for board

Open Issues

- Contribution model to more closely follow pension calculation
- Wide age range of executives creates equity issues in funding models

Questions...