

MAINTAINING CONTROL

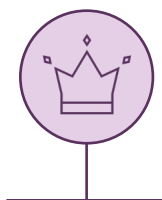
Plan design often dictates the outcome to nonqualified plan benefits during a corporate change in control. Below are some of the most common change-in-control provisions we see in plan documents.



NO AUTOMATIC TRIGGER

The plan document is silent regarding a change-in-control event (i.e., no payments are triggered).

- The plan continues to operate as normal.
- If participants experience a separation from service related to the change in control, they are paid according to their separation from service distribution election.



PARTICIPANT ELECTION

A change-in-control event is an electable distribution option for the participant at enrollment.

- Participants can elect at enrollment if they want a distribution in the event of a change in control (usually paid in a lump sum).
- Typically, this is one-time election.
- The participant election must be made in advance of compensation being earned. In other words, if this feature is added to an existing plan, it would only apply to future contributions.



PLAN TERMINATION TRIGGER

The plan document provides for plan termination in the event of a change in control.

- The plan sponsor generally maintains the ability to terminate the plan at any time (even if it's not expressly stated in the plan document).
- All similar nonqualified plans available to the impacted participant population at the company experiencing the change in control must also be terminated.
- Distributions must occur within 12 months.
- Participants are allowed to immediately participate in a plan with the acquiring company.