Executive Retention Through Executive Benefits

How NQDC Plans, SERPs, and LTIPs Create "Performance + Staying Power"

By: Todd Mezrah

If executive retention is stripped down to what truly changes behavior, one conclusion stands out:

Executives stay, and perform at their best when the company gives them;
(1) a credible path to long-term wealth creation,
(2) enough financial security to take intelligent risks, and
(3) a culture they're proud to represent.

Executive benefits—nonqualified deferred compensation ("NQDC"), supplemental executive retirement plans ("SERPs"), long-term incentive plans ("LTIPs")—are the ***contractual layer*** that can make that promise real, especially when base salary and annual bonus start to feel like "table stakes."

Grant Thornton's 2024 HR leaders survey report frames how high the stakes feel to employers: attraction and retention are consistently cited among top HR priorities, reinforcing why organizations continue to emphasize retention-focused strategies. (grantthornton.com)

Now that we understand ***why*** executive benefits matter, the question becomes ***how*** they should be designed. In this article, our focus is on the "executive benefits stack" and how to design it to retain ***the right leaders***, not just the most expensive ones.

I. What Motivates Executives—The Executive Benefits Lens

Executives tend to operate on two scoreboards at once:

1) **The Performance Scoreboard (LTIP / Equity)**

   The Will to Win: building enterprise value, achieving multi-year outcomes, beating peer benchmarks, and being recognized for it. In public-company data, the incentive engine is clear:

   - Compensation Advisory Partners ("CAP") **Early Filers** reporting suggests earned pay increased by roughly high-single digits (around 9%) year-over-year for 2024 outcomes, reflecting incentive plan results and broader pay actions in the market. (CAP)
   - That same CAP **Early Filers** reporting suggests annual incentive outcomes often landed modestly above target—commonly around ~100%–105% of target at the median. (CAP)

   This is why LTIPs aren't optional in a retention conversation: for many executives, they're the primary "wealth creation narrative" that reward their efforts.

2) **The Security Scoreboard (NQDC / SERP)**

   Separately, executives want to know: "Can I take risks here—strategic, reputational, career—without blowing up my family's plan?"

   This is where **NQDC and SERPs** punch above their weight. They don't just defer taxes; they provide **stability, continuity, and a time horizon that aligns with long term goals.** All of which are conditions that let top leaders stay focused on big outcomes instead of short-term self-protection.

How NQDC *Actually* Retains
NQDC retains executives through three core mechanisms, each of which can be intentionally calibrated:

1. **Time Horizon ("handcuff" done right)**
   - Multi-year deferral elections and distribution schedules create a future "stake" that executives don't want to abandon.
2. **Security ("seatbelt" that enables risk)**
   - When executives can build meaningful retirement assets above qualified plan limits, they are less likely to job-hop for incremental cash.
3. **Fairness and Trust (the hidden mechanism)**
   - A well-run NQDC plan signals "this company keeps promises." That trust becomes cultural capital that can circulate company wide.

II. NQDC: More Than Tax Deferral—A Deliberate Retention and Performance Tool

NQDC plans are often sold internally as "extra retirement savings," but the data shows how sponsors actually view them:

- Plan Sponsor Council of America ("PSCA")'s NQDC benchmarking reports that employers most often position nonqualified plans as a retention tool, and that plan availability can influence stay/leave decisions for many eligible participants. (psca.org)
- That same benchmarking notes that some sponsors provide employer contributions within the nonqualified plan, which can increase "stickiness" beyond elective deferrals. (psca.org)
- PSCA's NQDC benchmarking reports that, on average, 7% of total employees are eligible, 63% of eligible employees participate, and participants defer about 10% of base pay and about 30% of bonus pay. (psca.org)

Those three statistics (eligibility, participation, deferral behavior) are a reminder: NQDC is typically a *selective* benefit. Therefore, it's naturally positioned as a targeted retention and engagement lever for the leadership population you most need.

The Plan Design that Best Supports Retention *and* Leadership Quality
If you want NQDC to retain your best leaders, not just your best negotiators, focus on:

- **Match/Contribution Tied to Leadership Outcomes** (not just "showing up")
  Use *service-based vesting* or *performance/service hybrid* structures that align with succession continuity and team building.
- **Distribution Architecture That Reduces "Unplanned Exits"**

  Thoughtful separation payout timing, scheduled in-service distributions, and retirement-triggered payments can reduce sudden departures while staying within compliant plan operations.
- **Education and Decision Support**
  NQDC fails as a retention tool when leaders don't understand its benefits. PSCA reported that 73% of employees want more education on company benefits, and only 27% say they feel "completely" educated (with 30% "very" educated), while 25% feel only "a little" or "not at all" informed—underscoring how easily benefit value can be lost without clear education and decision support. (psca.org)

In other words, an NQDC plan can be a **retention asset or a missed opportunity** depending on communication.

Financing and Balance-Sheet Reality (Why CFOs Care)

Executive benefits retention strategies must survive finance scrutiny. A key trend is renewed interest in aligning the asset/liability strategy:

- Morgan Stanley at Work notes that many companies that offer NQDC plans choose to informally fund these obligations using corporate-owned life insurance ("COLI"), reinforcing sponsor focus on pairing benefit liabilities with a dedicated asset approach. (morganstanley.com)

Whether a sponsor uses COLI, mutual funds, or a combination, the point is the same: CFOs retain talent more confidently when the program is paired with a defensible asset/liability approach.

III: SERPs: Still Powerful—Just Evolving

Traditional defined benefit SERPs have been under pressure for years (accounting volatility, disclosure optics, "golden parachute" narratives). But they still matter in the right situation, especially when a company needs to:

- **Retain** a narrow group (CEO/CFO/critical business presidents),
- **Create** retirement security when qualified plan limits make benefits feel "capped,"
- **Stabilize** succession timing.

Replacing Old-School SERPs

In practice, many organizations have shifted from classic Defined Benefit SERPs to structures that are easier to defend and administer, such as:

- **Defined contribution SERPs** (company credits a % of pay into a notional account),
- **Performance-based or service-vesting designs** (more "earned," less "entitled"),
- **Targeted supplemental retirement for scarce roles** (e.g., transformation leaders, revenue owners).

Recent SEC filings show that sponsors are modernizing SERPs into more defensible, account-based structures while keeping the retention intent explicit. For example, Post Holdings' 2024 SERP is an account/crediting-style plan designed to "attract, retain and motivate" key employees. (sec.gov)

SERPs work best as ***succession insurance***: a benefit that makes it rational for a leader to stay through a transition, not just "stay forever."

IV. LTIPs: A Cultural Amplifier Disguised as Compensation

LTIPs are typically described as alignment tools: "think like an owner." But in terms of retention, LTIPs are also **identity tools**:

- "My legacy is tied to this company's multi-year outcomes."
- "My upside is here; leaving resets the clock."

CAP's Early Filers reporting reinforces how central the long-term incentive engine is to actual outcomes and perceived fairness (and why it's a retention battleground). (CAP)

The Retention Risk Inside LTIPs

LTIPs can *increase turnover risk* when executives lose faith in the performance metrics, for example:

- goals are regularly re-set.
- discretion feels unpredictable.
- performance measurement feels politically influenced.

The fix is less about "more equity" and more about **credible goal setting and governance**—a system that makes high performers believe the game is winnable and fair.

V. Where Culture Intersects with NQDC / SERP / LTIP, and Why the Best Plans "Feel Cultural"

Culture isn't a separate topic from executive benefits. **Executive benefits are one of the strongest cultural signals a company sends to its leaders.** They answer:

- Do we reward long-term stewardship?
- Do we invest in leadership continuity?
- Do we operate with clarity and fairness?

Two retention findings underscore the decisive role culture plays even at the executive level:

1. Great Place To Work found employees were **2.7 times more likely to stay** when they say their work is **meaningful**. (Great Place To Work®)
2. SHRM reports the top reason employees leave is a **toxic or negative work environment (32.4%)**, followed by **poor company leadership (30.3%)**; unsatisfactory pay ranked **sixth (20.5%)**. (SHRM)

Executives may be paid more, but they also have more reputational exposure. If the culture becomes "low trust," it devalues even the best incentive design. Leaders begin optimizing for personal risk reduction rather than enterprise outcomes.

The "Culture-to-Plan" Alignment That Retains Top Executives

The executive cultures most embraced by high performers share a consistent profile:

- **High standards + high trust**
- **Speed with guardrails**
- **Meritocracy with transparency**
- **Truth-telling without punishment**

Here's how those cultural principles must be structurally embedded into executive plan designs:

- **LTIP:** long-term metrics that match strategy; governance that prevents constant re-trading of goals.
- **NQDC:** reliable administration, clear elections/distributions, strong support and education (so the benefit is felt, not just booked).
- **SERP:** targeted, "earned" structures that support succession and continuity (not entitlement).

VI. A Practical "Executive Benefits Retention Blueprint"

If you want a benefits-oriented retention system that genuinely motivates top leaders:

1. **Lead with LTIP as the long-term win narrative**
   - Make the "how we win" multi-year and credible (metrics/governance).
2. **Use NQDC to create stability and time horizon**
   - Include employer contributions selectively where retention return on investment is clear.
3. **Deploy SERPs surgically as succession insurance**
   - Especially for pivotal roles with long ramp times.
4. **Make *understandin*g plan details a Key Performance Indicator**
   - PSCA reported that 73% of employees want more education on company benefits, and only 27% say they feel "completely" educated—reinforcing that comprehension is often low, which can improve engagement when paired with education. Treat communication as plan design. (psca.org)
5. **Tie the whole stack to culture**
   - Plans should reinforce stewardship, fairness, and long-term thinking, not accidental short-termism.

Executive Benefits are Governance, Not Perks
Executive retention is often discussed as a compensation problem. It is a **governance problem.**

Companies do not lose great leaders because their base pay is slightly uncompetitive. They lose them when the long-term deal between leader and enterprise becomes unclear, fragile, or mistrusted. When the "why stay" narrative weakens, even the best performers begin to protect themselves rather than invest themselves. The executive benefits stack (NQDC, SERP and LTIP) is the formal architecture that defines that long-term deal. When designed intentionally, these programs create a credible wealth-creation narrative, provide the financial stability that enables intelligent risk-taking, and reinforce continuity through succession transitions. Together, they become leadership infrastructure—not perks—that protect enterprise value and sustain long-term stewardship. Executive retention is not about keeping people longer. It is about keeping the right leaders fully invested in the future they are building.

More Information

For more information, email Mezrah Consulting at connect@mezrahconsulting.com or call (813) 367-1111. Visit our website at mezrahconsulting.com to learn more.

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