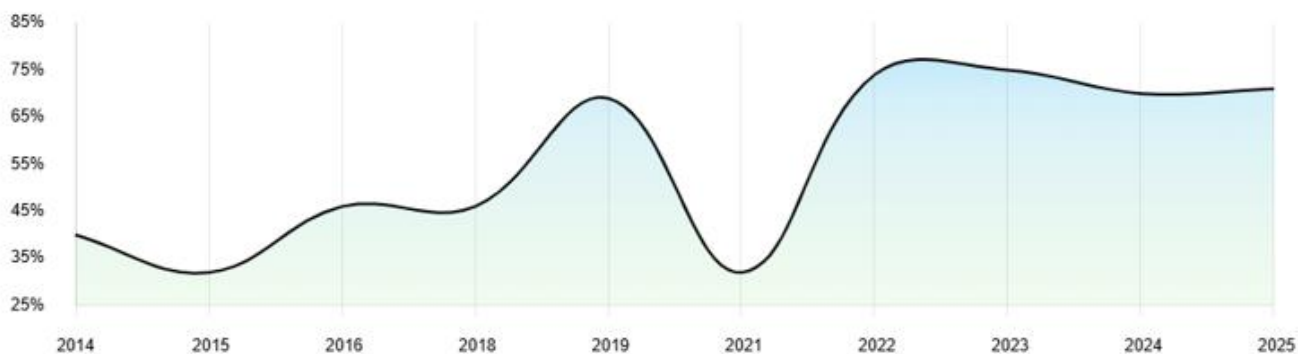


Addressing the Skilled Labor Shortage in America: Long Term Bonus Plans

There is a significant shortage of workers that possess the necessary technical skills to meet the demand of US employers. An aging workforce, decreasing population growth, lack of vocational training, new hurdles to legal immigration and other factors are increasing the pressure on employers to not only attract the best available candidates to fill these open positions but retain the valuable skilled employees they already have on staff.

Employers Reporting Difficulty Finding the Employees they Need



Source: Manpower Group

The Long-Term Bonus Plan Solution (LTBP)

How does a company position themselves to attract and retain the necessary skilled labor in their industry within current regulations? Increasing cash compensation is a great benefit for employees but it does little for future motivation and retention. Traditional retirement plans (401(k) and nonqualified, for example) have ERISA or 409A compliance requirements that dictate eligibility and can limit contribution amounts. A properly designed LTBP can couple merit-based financial incentives for a select group of employees with a vesting schedule that helps employers achieve retention.

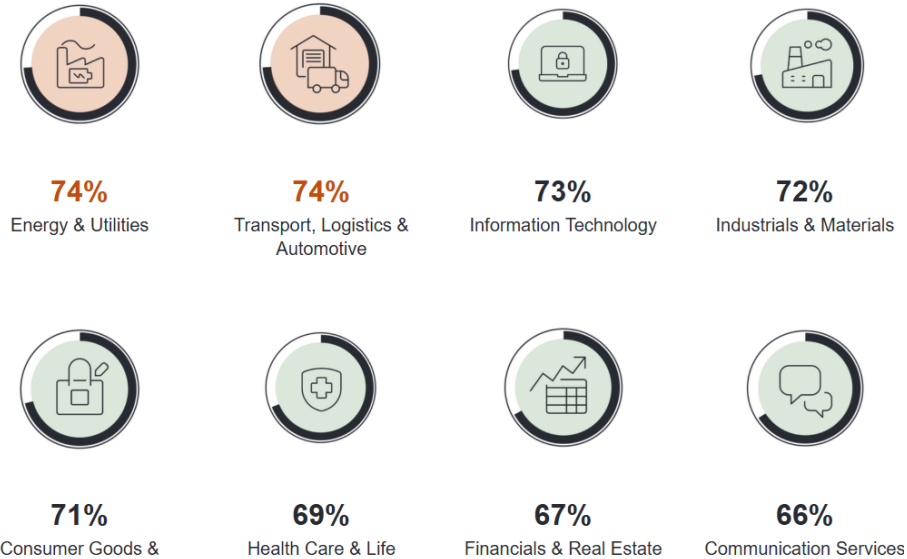
Mechanics of LTBP

- The employer enters into an agreement with a group of employees to provide an employer contribution.
- If desired, the company can provide a menu of investment options for participants to select from.
- Annual contributions +/- earnings accrue on a tax deferred basis until the completion of a vesting period, typically 7 years or less. After vesting, participants are paid/taxed as ordinary income and the amount of the payments are tax-deductible to the employer.
- Benefits remain subject to claims of creditors of the employer until paid to the participants.

What Industries and Clients will benefit from an LTBP?

While the term skilled labor may bring certain industries, fields or occupations to mind, the current shortage is wide reaching. Industries across nearly the entire labor market are experiencing some level of deficiency.

U.S. Talent Shortage by Vertical Industry



Source: Manpower Group

Long-Term Bonus Plans offer a straightforward and valuable benefit for both the company and its skilled workforce. Nolan Financial boasts 36+ years of expertise in designing and recordkeeping selective benefit programs for 100s of organizations across the country. Please reach out to us to learn more about how a LTBP can be structured to improve employee attraction and retention.

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