

# LET'S TALK

# MONEY<sup>®</sup>

May/June 2020

## Attract Top Talent

When you need to recruit the very best executives, offering a nonqualified deferred compensation package can help separate you from your competitors.

### Nonqualified Defined

The IRS defines a nonqualified deferred compensation (NQDC) plan as an elective or non-elective plan, agreement, method or arrangement between an employer and an employee that pays compensation in the future. In comparison to qualified plans, NQDC plans do not typically provide the tax benefits associated with qualified plans.

### Types of NQDC Plans

Companies may structure NQDC plans in a variety of ways. They might defer a portion of an executive's salary, pushing it into the future where it

can help supplement retirement income, while reducing current taxable income.

Executive bonus plans operate on the same premise, deferring bonus income to the future. These plans may defer nonqualified contributions from employers and employees above what qualified plans allow.

### Employer Points

Even without the tax advantages of qualified plans, NQDC plans benefit employers because an unfunded arrangement frees up

working capital. One efficient way for an employer to prefund the plan is to purchase life insurance on the employee to pay benefits upon retirement. When employers prefund an NQDC plan, the amount also may be tax-deductible. Consult your tax professional.

### Employee Points

Executives like NQDC plans because they don't have a contribution limit. They may negotiate an agreement that annually defers much more money than allowed by qualified plans. And, unlike qualified plans, NQDC plans normally don't require minimum distributions.

However, a company's bankruptcy can expose NQDC money to the claims of creditors and there are no guarantees any company won't go out

of business, which can put the employee's deferred compensation at risk. Those with unfunded NQDC benefits must also rely on their companies' financial strength. Early distribution, loans and rollovers of plan funds are not allowed and FICA taxes may apply upon distribution. And if employees leave before a contractually agreed-upon term, they can forfeit all or a portion of benefits.



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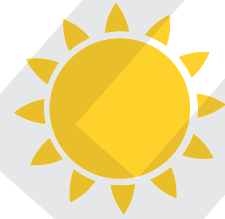
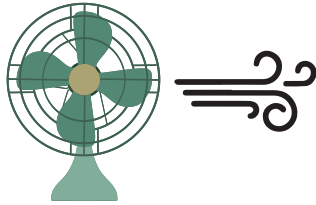
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# Summer Cooling Tips

The high heat of summer can affect your pocketbook in many ways. Consider these money-saving tips:



## INDOORS

- Grill your meals outdoors to keep the kitchen cool.
- Use insulated curtains on windows where the sun hits the hardest.
- Keep the windows shut when your house is cooler than outdoors, but open windows when outside temperatures cool.
- Caulk windows, doors and air conditioning spaces to keep the heat out and cold in.
- Close vents and doors in unused spaces of your home.
- Use fans to aid the air conditioning.
- Service your air conditioner annually.
- Upgrade to a smart thermostat.

## ON THE ROAD

- To save fuel and prevent breakdowns, tune-up your vehicle regularly, change oil and air filters, service the air conditioner, inflate tires properly and follow the manufacturer's specifications for additional upkeep.
- Open the windows to let the hot air out before blasting your vehicle's AC, then close them.
- Close fresh air vents to keep the hot air out or open them and turn off the AC when cooler outside.
- Park in the shade and garage when possible or use a sunshade when you can't.
- Avoid quick starts and stops, use the cruise control and reduce your speed.

## OUTDOORS

- Keep hydrated and use sunscreen.
- Limit consumption of caffeine and alcohol, which can trigger dehydration.
- Wear a sun hat and light-colored cotton.
- Stay in the shade as much as possible.
- Exercise indoors or early morning or late evening.
- Use products like wearable ice and personal fans to help keep you cool.
- Be aware of the signs of heat exhaustion, which include heavy sweating, rapid pulse, dizziness, fatigue, cool, moist skin with goose bumps, muscle cramps, nausea and headache.

# Summer Spending Tips

With school out and vacations near, it's easy to see how summer can blow a hole in the family budget. This summer, consider a few ways you can have fun near home and control your spending, too.

### SAY HI

Many towns and some cities host free movie and concert nights, and a few even have periodic fireworks displays. Meet your neighbors in the process and you win all around without opening your wallet.

### BE FESTIVE

Summer is dotted with food, music and wine festivals throughout the country. If you control the urge to buy everything in sight, these can be a good way to spend a day in the fresh air and enjoy free samples, too.

### HAVE A PICNIC

Another way to enjoy the outdoors at low cost in the summer is to picnic in the many parks around the country. Invite family or friends and include a scenic hike, refreshing swim or bike ride for an added health benefit.

### BRING YOUR OWN

Fill your cooler with snacks and drinks when driving to any of these activities to save on the cost of buying them on the road. A quick stop at a scenic rest area can be fun and rejuvenating during those long rides.

# Tax Help after Disasters

When natural disasters disrupt our lives, the last thing we think about is our taxes. While you'll still have to pay taxes and file tax forms, the IRS and many jurisdictions offer some assistance during these trying times.

## Reconstruct Records

When a natural disaster destroys your federal tax records, the IRS has a number of ways to help you reconstruct them. Request help by mail or online at [www.irs.gov](http://www.irs.gov). Be prepared to give identifying information, including your social security number, date of birth and mailing address from your latest tax return.

## Check for Help

When the federal government issues a disaster declaration, the IRS generally offers extra time to file and pay taxes, and waives late filing and payment penalties. If you inadvertently receive a notice for late filing or payment during the grace period, call the IRS number on your notice to rectify the matter.

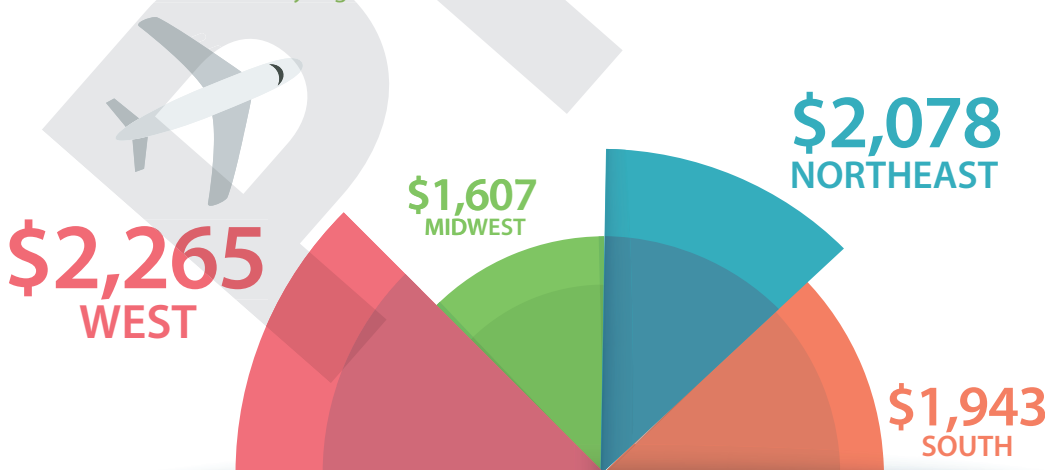
## Plan Ahead

While no one wants to incur a loss due to a natural disaster, individual and business taxpayers may receive tax deductions for allowable losses. IRS publications 584 and 584-B are workbooks that can help identify and calculate casualty, disaster and theft losses to reduce your taxes. Consult your tax professional for help.



# What Americans Spend on Vacation

The Bankrate Summer Vacation Survey 2019 asked Americans how much they expected to spend on their vacations, with the average coming in at almost \$2,000. These numbers differed by region.



# How to Save Money on Your Summer Trip

Summer vacations can eat up a family's budget in a hurry, so planning ahead and saving for more expensive trips is a necessity for most people. You can, however, take a few days off in the summer and not bust your budget in the process. For example:

- 01 Start Your Engines.** Airfare can cost a family of four a pretty penny, making driving a potentially cost-friendlier option. If you can drive to a summer vacation destination within a day, consider this option. Or better yet, change up your vacation plans and take a leisurely two- or three-day drive, stopping at points of interest or visiting friends and family along the way.
- 02 Use Your Points.** If you choose the multi-day drive, you'll need to sleep somewhere. Use your points to help pay for all or part of your lodging.
- 03 Find Coupons.** Look for coupons at interstate rest stops to reduce your lodging costs.
- 04 Stay Over.** Stay at the homes of friends and family that you visit along the way.
- 05 Go Bigger.** Rent a home or apartment, especially in higher-priced areas. You'll find their costs are similar to or slightly higher than staying in a hotel, but you'll save money by using the kitchen for meals and probably have more space. You might even double up with family or friends, splitting the cost of a multi-room house or apartment.

# Business Interruption Insurance

When fire, theft and other events cripple a company, it can suffer financial losses severe enough to put it out of business. But business owners can soften this potential financial blow by carrying *business interruption insurance*, which often comes as part of business owner policy coverage. Here's what you need to know about this important protection.

## A Primer

Property insurance pays property damage claims and general liability insurance covers like-named events, but neither will help replace a company's income or pay its continuing expenses when the business shuts down. However, business interruption insurance can help to meet payroll, pay regular expenses like taxes and mortgages, replace lost net income and even relocate the business in certain situations.

Covered events that can slow or shut down your business generally include fire and theft, but could also include a labor strike, a data breach that halts business operations and more. Some insurers even offer an additional measure of protection by insuring against supply chain disruption when a covered event halts the work or supply provided by vendors.

Business interruption insurance generally won't cover losses from events that typically require specialized insurance, such as floods, earthquakes and sometimes, wind. Check your policy to make sure you understand what it covers and any exclusions.

## What You Need

Not every business will qualify for the coverage. Generally, you must be in business long enough to demonstrate an established record of sales and a track record of profitability over time, plus the ability to maintain the same pace of profits. You will also have to prove your loss claim and the amount of time it will take to get your business back on its feet.

If you meet these terms, business interruption insurance may help keep your firm viable by paying vendors, interest on loans and employees' salaries and benefits while they're out of work. The physical size of your business, amount of coverage, its claims history and other factors will affect the price of the insurance. Do your homework before

buying this insurance, because policies can differ greatly, as can covered events, limits and exclusions.

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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 10, 2020

Reference: **FR2019-1216-0018/E**

Org Id: 20999

1. LTM May/June 2020 Business

Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim  
Associate Principal Analyst

aec

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**NOTE:** *We assume that your filed communication doesn't omit or misstate any fact, nor does it offer an opinion without reasonable basis. While you may say that the*