

Dear All,

This year is flying by and summer is already around the corner! We are still in the peak of proxy season and we think you will find this month's articles especially helpful. In our original article we share the top executive compensation best practices as they relate to proxies and how they can help yield positive Say-on-Pay results in 2020.

While we are sharing tips on compensation, it's fitting to also share a great article on the top executive compensation traps, how to avoid them, and how to resolve them if you find yourself already in one of these predicaments.

You may recall last month we shared an article on SERPs (Supplemental Executive Retirement Plans) and how they can be an effective way to retain and reward top talent when government restrictions on compensation are an issue, particularly for tax-exempt organizations who face an excise tax. This month we bring you an article that offers concrete steps tax-exempt organizations can take to get ahead of the curve and address these issues to be prepared when it comes time to file Form 990.

Lastly, if you are in the energy sector there is still time to participate in our midstream and upstream surveys, you don't want to miss out!

We are always here to help, especially now during proxy season, don't hesitate to reach out to us for assistance with your pay ratio disclosures and any aspect of your CD&A. We appreciate each and every one of you and as always, let us know if there is a particular subject you'd like to learn more about.

Sincerely,



Brent Longnecker and the L&A Team
Chairman and CEO
Longnecker & Associates

Executive Compensation Best Practices for 2020

SERIES 1 - PUBLIC COMPANIES

Companies often ask us, "What are we not doing that we should think about as it relates to executive compensation?" We recognize the executive compensation environment is continually heating up with pressure from just about every angle, and as a result, the answers to this question periodically change. As such, we have compiled a few thoughts applicable for the current market for public company consideration.

[READ MORE](#)

IRS Issues Guidance on Excise Tax on Executive Compensation of Tax-Exempt Entities

The IRS recently issued Notice 2019-09 (Notice), which provides guidance with respect to the 21 percent excise tax on remuneration in excess of \$1 million and excess parachute payments by "applicable tax exempt organizations" (ATEOs) applies under Code Section 4960. In general Code Section 4960 and the Notice apply concepts from Code Sections 162(m) (which denies a deduction to publicly traded corporations with respect to payments of compensation in excess of \$1 million to certain covered employees) and 280G (which, along with Code Section 4999, imposes an excise tax and disallows a deduction with respect to excess parachute payments).

[READ MORE](#)

Top Five Executive Compensation Tips and Traps

Executive compensation is fraught with complicated regulatory and tax issues that can surprise even seasoned executives. This article summarizes five frequently encountered traps and discusses some ways to avoid them altogether, and, when stuck in the hazard, some solutions for getting out.

1. Failure to Monitor Equity Plan's Authorized Share Award Limits and Expiration Dates

Both federal income tax rules and stock exchange rules require equity plans to have a cap on the number of shares that can be awarded under the plan, as well as defined lifespan. Equity plans typically then provide that no new awards may be granted after a specified date (typically ten years after adoption).

[READ MORE](#)

L&A's 2019 Midstream and Upstream Surveys are Open!

THERE'S STILL TIME TO PARTICIPATE!

Keep your compensation programs competitive by participating in L&A's Midstream and Upstream Industry Compensation surveys and find out what it takes to attract, motivate and retain your teams. The surveys will provide current compensation trends as they relate to pay policies and practices, annual incentive measures and metrics, long-term incentive eligibility, vehicles and distributions, retirement, severance and change-in-control data.

Survey results will be available only to participating organizations, don't miss out! Click below to learn more or contact [Josh Whittaker](#) at 281.378.1368

[MIDSTREAM SURVEY](#)

[UPSTREAM SURVEY](#)

Contact Us for Help with Your Proxy Statement and CD&A

The deadline to disclose the CEO Pay Ratio in proxy statements is quickly approaching and L&A is here to help. Our internal experts have evaluated the rule, and understand the various alternatives available. Additionally, we are here to assist in developing your [CD&A disclosures](#) and can advise on what areas you should concentrate on when putting together your statement.

GET THE MOST OUT OF YOUR 2019 PROXY STATEMENT & SHAREHOLDER OUTREACH ENGAGEMENTS.

[GET HELP NOW](#)

281.378.1350

JOIN US AT OUR UPCOMING EVENTS

NACD Houston - Entrepreneurial Governance: Forming a Board of Directors for Startups

Wednesday, May 1
5:00 p.m. – 7:00 p.m.

Lillie Labs, Rice University
6100 Main Street
Houston, TX 77002

Join us and learn about proper governance and board oversight for startups, including board selection, composition, compensation and common pitfalls to avoid.

[REGISTER](#)

NACD Houston - Crisis Readiness and Oversight

Friday, May 10
7:00 a.m. – 9:15 a.m.

Junior League of Houston
1811 Briar Oaks
Houston, TX 77057

Join us as panelists discuss how companies should prepare for a major crisis event, review best practices and need to management for directors and senior management.

[REGISTER](#)

Gulf Coast Symposium - The Future of Total Rewards: 2020 Vision by Brent Longnecker

Wednesday, May 15
2:30 p.m. – 3:30 p.m.

NRG Center
8600 Kirby Drive
Houston, TX 77054

Calling all HR professionals! Join our own Brent Longnecker in this engaging session in which he will address some of the most dynamic workplace issues that are redefining total rewards of tomorrow.

[REGISTER](#)

Let's Work Together

We know what it takes to attract, retain and motivate key talent. Contact us to develop a plan that works for your business.

[GET IN TOUCH](#)

281.378.1350

Compensation Services
Incentive Plan Design
Litigation Support
Strategic & Governance Advisory
Restructuring Services

Get to Know Us

Ian Keas

SENIOR DIRECTOR & MOUNTAIN STATES PRACTICE LEADER



Alma Mater: University of Houston (Go Cougars!)

Children: Beckham (3), Mila (1)

Key to Success: Curiosity

What do you enjoy most about your job?

The opportunity to work alongside smart, intelligent people every day