



Ongoing Nonqualified Plan Due Diligence Checklist

OVERVIEW

The Credit Union should review the benefit plan and informal funding investment on an annual basis. The results of this review should be documented in the Board minutes. The following is a checklist of the subjects covered in the review.

REASONABLE COMPENSATION PACKAGE

Date Completed:

The Board should review the benefits provided to key employees at the various payment scenarios:

- » Retirement / Payment date
- » Death
- » Disability
- » Involuntary Termination
- » Termination following Change of Control
- » Termination for "Good Reason"
- » Voluntary Termination

INFORMAL FUNDING REVIEW

Date Completed:

The Board should review the informal funding investment purchased to offset the cost of the benefit plan. This includes:

- » Review of the type of investment
- » Current values
- » Year to date performance
- » Concentration based on percentage of total equity

OVERALL ANNUAL PLAN PERFORMANCE

Date Completed:

The Board should review the overall performance of the plan. By comparing the annual expense of the plan to the earnings of the investment, the Board will be able to determine if the plan is performing as projected or if they need to make any adjustments.

- » Total expenses, including annual benefit expenses, informal funding fees, premium expenses and administration fees
- » Current income from the informal funding investment
- » Impact to the bottom line of the Credit Union