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Which Retention Strategy Works Best for Key Executives?

COMPARING BONUSES, STOCK OPTIONS, AND NON-QUALIFIED DEFERRED COMPENSATION PLANS

EXECUTIVE RETENTION IS A STRATEGIC ADVANTAGE

Top performers want more than salary.
They want:

- ➔ Long-Term Value
- ➔ Tax Efficiency
- ➔ Alignment with Company Goals

Let's compare three common tools.

RETENTION TOOL: BONUSES

Pros

- Simple to implement
- Immediate reward
- Easy to communicate

Cons

- Fully taxable
- Short-term focus
- Easy to replicate by competitors

RETENTION TOOL: STOCK OPTIONS

Pros

- Potential for big upside
- Aligns executive interests with company growth

Cons

- Limited to C corps
- Complex valuation and taxation
- Illiquid or risky in private companies

RETENTION TOOL: NON-QUALIFIED DEFERRED COMPENSATION

Pros

- Highly customizable
- Deferred taxation = greater comp value
- Strong “golden handcuff” effect
- Can be designed for specific business goals
- Ideal for private or closely held companies

Cons

- Requires careful plan design
- Subject to IRC §409A compliance

WHY NON-QUALIFIED DEFERRED COMPENSATION PLANS STAND OUT

- Keeps key talent invested in the business
- Creates a powerful retention timeline
- Can include vesting triggers
- Offers income deferral + potential growth
- Flexible funding options

IS NON-QUALIFIED DEFERRED COMPENSATION RIGHT FOR YOUR BUSINESS?

If you're competing for top talent — or preparing for an exit — now is the time to evaluate your executive compensation strategy.

[Need a custom assessment? Book a call with Bill.](#)

Bill Stoddart, CLU® | VP of Financial Services | bill@mcinnesgroup.com | 913.378.9942