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nyrej.com

Tuesday, May 29, 2012

## Successful Companies Acknowledge and Reward Results and Leadership

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It seems logical and fair to treat all employees the same when it comes to benefits; many business owners have told me that they take a great deal of pride in the fact that everyone is treated the same. But are they really?

Highly compensated employees for example, above certain income levels, lose the employer's social security contribution. For 2012 the level is \$110,100.

For higher income individuals, the ability to save adequate amounts for retirement becomes increasingly difficult. Not only are 401(k) limits restrictive in many plans but as is often the case, as an employee matures in his or her career, their incomes rise however the years they have left in their working career just doesn't leave the time necessary to build adequate retirement funds.

Consider that from the company's perspective, the most valuable resource or asset often is the most

senior and often the most key employees.

In every company, a small group of employees often go beyond minimum expectations and required performance. This small but productive group is more effective, they produce results, show leadership and can be the difference between profit and just breaking even. While it occurs to us that treating all employees the same seems fair it may not be producing the best results and the growth a company hopes to achieve.

Consider that these key individuals, who create the most results, may in fact be getting the least percentage of their income paid in benefits. At the same time the lower paid employees by comparison may be getting the highest percentage of their income contributed to retirement and other income and family protection benefits.

Many employers also feel that they pay their key people more and in turn it's their responsibility to save and invest and the not the employers role at all. That is a fair argument. Some make that work for them but it has been our experience it's not true for the majority of individuals.

The last thing you want to ex-

perience is losing your key talent to the competition because the employee has an opportunity for higher pay or richer benefits. It is also counter productive to have these important employees spending valuable work time seeing financial planners or spending time even thinking about their retirement when they should be focusing on the job at hand.

A recent article by Nathaniel Popper published in the New York Times entitled Stock Trading Is Still Falling After '08 Crisis disclosed that the number of trades taking place on the stock markets have not recovered to anywhere near the pre market collapse of 2008 levels. Interestingly the article points out, they are actually continuing to decline which is not behavior we have seen in other periods of market recovery.

Investors continue to be wary of the markets and volatility that we have so recently experienced even automated computer trading is lagging. Could it be that volatility is here to stay for a while?

The key people of a company share the same concerns and uncertainty as it pertains to their future and their family's future. It is true that they may be paid more than the average employee but they earn it. Just because they

earn more does not mean that they are able to create an equally secure retirement for themselves.

A business can reward and create selective benefit packages for a few key individuals. This can be done in a very effective manner that serves the interest of the business just as much as the key employee.

Consider how you would link an unconventional key person incentive plan to the actual results your key employee is creating. How motivating it would be to have a conversation with that key employee acknowledging his or her contributions and how you are going to create a plan for them on a selective basis. This plan can be as generous as the business chooses, can vary based on results, can have as many strings attached as the company desires.

Consider how powerful it could be for a key employee to have a sense of ownership and real financial security because of the company they work for and the recognition of their individual performance.

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