

# RETENTION PLANS

Creating benefits that keep employees around



Key Employees are those that have a **DISPROPORTIONATE IMPACT** on your company's bottom line. Losing these employees for any reason (especially to the competition) would have a huge, negative impact.

Key Employees are not motivated by "rank & file" benefits, and in some cases, experience **REVERSE DISCRIMINATION** as their income grows.

## 2 TYPES OF INCENTIVES:



### PERFORMANCE

Performance Incentive Plans are specifically designed to shape employee behavior in the **short term** (incentives are tied to a formula that aligns employee goals with overall business goals).



### RETENTION

Retention Plans are **long-term** and designed to keep an employee from willfully leaving the company during a set period of time



Although these are great benefits and provide a lot of value – they do not provide retention power beyond a maximum of 12 MONTHS.

### WHAT EMPLOYEE RETENTION IS NOT:

- 401(k) Matching
- Disability Insurance
- Health Insurance
- Fringe Benefits
- Annual Bonus
- Paid Time Off



## REACTING TO RETAIN

When wanting to retain key people, the knee-jerk reaction of most business owners is to issue a cash bonus or even give up hard-earned equity in the form of company stock.

## REFLECT, THEN RETAIN

Instead of simply reacting with conventional strategies, a business owner should first contemplate the purpose of rewarding key people.



### The Three Keys to Effective Retention Strategies:

1. Deferred
2. Emotional
3. Simple

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