

buck on the issues

August 2010

As a leader in your organization, you're charged with contributing to business performance while balancing the needs of multiple stakeholders. We hope *Buck on the Issues*, a monthly recap of our surveys, articles, and regulatory updates, makes your job a little easier.

SURVEYS

Results Available:

STRESS IN THE WORKPLACE — WORLDATWORK CONFERENCE SURVEY

Buck Consultants and Wolf Kirsten International Health Consulting presented evidence of the increase in workplace stress around the world at the recent WorldatWork 2010 Total Rewards Conference and Exhibition in Dallas, Texas. This exclusive survey conducted at the conference takes a quick pulse of U.S. employers' strategies to reduce employee stress. [Download](#) a complimentary copy of the survey report.



STUDY OF 2009 COMPENSATION RISK ASSESSMENT PRACTICES AMONG S&P 400 NON-FINANCIAL COMPANIES

Public companies filing proxy statements on or after February 28, 2010, were required to adhere to Securities and Exchange Commission (SEC) standards regarding disclosure of risk as it relates to compensation practices and policies for all employees — not just executives. This study examines the statements of 215 of the 301 non-financial S&P 400 companies that filed their proxy statements on or after February 28, 2010. [Download](#) a complimentary summary of the study or [purchase](#) the full report.

Participants Wanted:

2010 IQANTIC® EQUITY COMPENSATION SURVEYS

These surveys — open through August 31, 2010 — are designed to provide market data on the delivery of long-term incentives to employees in 40 countries around the world.

[Learn more about the iQuantic® Global Long-Term Incentive Practices Survey \(all industries\)](#)

[Learn more about the iQuantic® Bio/Pharmaceutical Global LTI Survey](#)

[Learn more about the iQuantic® Life Sciences Global LTI Survey](#)

ARTICLES

THE ACCOUNTING AND ECONOMICS OF EXECUTIVE STOCK OPTIONS, PART III: ASSESSING THE ROLE OF ESOs IN EXECUTIVE COMPENSATION

In the final article of a three-part series addressing Executive Stock Options (ESOs) and their role in executive compensation, we examine how CEO and other executive compensation packages continue to draw intense scrutiny from the government, investor rights organizations, and the public. One of the key debates is the extent to which the structure of executive compensation can ensure that a company's management operates in the best interest of shareholders. [Read more.](#)

WHAT GREEN POLICIES AND TALENT MANAGEMENT HAVE IN COMMON (AS PUBLISHED IN *WORKSPAN*, JULY 2010)

In a sluggish economy, are companies still interested in being green? At the height of the economic downturn, Buck's second annual survey, *The Greening of the American Workplace*, found that not only do more of the companies that responded to the survey have formal green programs, they increasingly see them as integral to their business. [Read more.](#)

buck on the issues

[PRIVATE MEMBER'S BILL PROPOSES TO INCREASE RETIREMENT SAVINGS COVERAGE \(AS PUBLISHED IN *BENEFITS CANADA*, JULY 2010\)](#)

Private member bills rarely become law. However, Ontario Bill 54, *an act respecting retirement savings plans for employees and for self-employed persons, 2010*, has passed second reading and is now before the Standing Committee on Finance and Economic Affairs. This private bill was proposed by a member of the governing party, so it may simply be a trial balloon for further discussion. [Read more.](#)

[PLAN PURPOSE AND SHARED RESPONSIBILITY \(AS PUBLISHED IN *BENEFITS CANADA*, JULY 2010\)](#)

Given the chance to peer into the future, employers from the mid-20th century likely wouldn't recognize the benefits programs they pioneered. After the post WWII boom, governments needed to stabilize prices by restricting wage increases but tended to leave non-inflationary issues alone. This prompted employers to begin providing paid vacations, medical and dental benefits, and pensions in lieu of wages to attract and retain talent. [Read more.](#)

REGULATORY UPDATES

[PENSION FUNDING RELIEF ENACTED FOR MULTIEMPLOYER FUNDS](#)

Following many months of lobbying by companies and employee benefits organizations, pension funding relief provisions have finally been enacted. H.R. 3962, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, which was signed into law on June 25, 2010, provides much-needed defined benefit plan funding relief for employers in today's difficult economic environment. [Read more.](#)

[MORE HEALTH CARE REFORM GUIDANCE ON PREEXISTING CONDITION EXCLUSIONS, DOLLAR LIMITS, RESCISSIONS, AND PATIENT PROTECTIONS](#)

The federal agencies responsible for implementing the health care reform law have issued interim final regulations that provide guidance on the application of the new rules on preexisting condition exclusions, dollar limits, rescissions, and patient protections. They refer to these provisions as being part of the "Patients' Bill of Rights" under the new law. [Read more.](#)

[FINAL GUIDANCE ON SOUND INCENTIVE COMPENSATION POLICIES APPLICABLE TO BANKING ORGANIZATIONS](#)

The agencies responsible for supervising banking organizations have issued final guidance on sound incentive compensation policies to assist banking organizations in designing and implementing incentive compensation arrangements that effectively consider potential risks and risk outcomes. The final guidance retains the same key principles as in proposed guidance issued in October 2009, but includes clarifications to address issues raised by commenters. [Read more.](#)

[DOL FAQ MAKES MENTAL HEALTH PARITY COMPLIANCE EASIER FOR PLAN SPONSORS](#)

In July 2010, the DOL posted a new frequently asked question (FAQ) to its website that provides welcome relief to many plan sponsors who were attempting to comply with the interim final regulations under the 2008 mental health parity law. This important new guidance will make it easier for some plans to comply with the parity requirements without expanding mental health benefits to 100 percent coverage or losing grandfather status under the new health care reform law. [Read more.](#)

buck on the issues

[HHS RELEASES FINAL APPLICATION AND FAQs FOR EARLY RETIREE REINSURANCE PROGRAM](#)

The Department of Health and Human Services (HHS) has issued the final application for the early retiree reinsurance program (ERRP) included in the new health care reform law. Importantly, HHS also issued FAQs clarifying that eligibility for reimbursement through ERRP will be based on when claims are filed and processed and not when the application to participate in the program is submitted. [Read more.](#)

[FINANCIAL REFORM LAW WILL IMPACT EXECUTIVE COMPENSATION AND CORPORATE GOVERNANCE PRACTICES](#)

A week after the Senate approved the Dodd-Frank Wall Street Reform and Consumer Protection Act, the financial reform legislation previously approved by the House of Representatives, President Obama signed the legislation into law on July 21, 2010. Along with sweeping financial reforms, the legislation contains provisions that will affect executive compensation and corporate governance practices at publicly held companies. [Read more.](#)

[COBRA SUBSIDY HAS EXPIRED — AT LEAST FOR NOW](#)

A statement issued by Assistant Secretary of Labor Borzi confirms that individuals who are involuntarily terminated from employment after May 31, 2010, are not eligible for the COBRA subsidy enacted last year. The DOL also has posted model notices to its website that should be used for qualifying events after that date. [Read more.](#)

[SUPREME COURT ALLOWS EMPLOYER REVIEW OF EMPLOYEE'S TEXT MESSAGES](#)

In *City of Ontario, California v. Quon*, the Supreme Court unanimously upheld a government employer's review of an employee's personal text messages because there was a legitimate work-related reason and the review was "not excessively intrusive." [Read more.](#)

[PREVENTIVE CARE GUIDANCE FOR NON-GRANDFATHERED HEALTH PLANS RELEASED](#)

The agencies responsible for enforcing the health care reform law have released interim final regulations detailing the preventive care coverage requirements applicable to non-grandfathered health plans. Like other recent guidance, these regulations answer many questions, but raise others. As plan sponsors consider plan changes that could cause loss of grandfathered status, these rules help plans quantify the potential financial and administrative impact of its loss. [Read more.](#)

We'd like to hear from you. To provide feedback on this newsletter, share your suggestions for future issues, or request more information on any of the topics covered above, contact us at 866.355.6647 or info@buckconsultants.com.

Buck on the Issues is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.

© 2010 Buck Consultants, LLC. All rights reserved.
iQuantic® is a registered trademark of Buck Consultants, LLC.