

## MEMORANDUM

To: Subscribers to *Bank Compensation and Benefits Manual*

From: Sheshunoff Information Services

Subject: Highlights

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Enclosed is your current update to *Bank Compensation and Benefits Manual*. Highlights include the following:

- **Banks Receiving EESA Assistance Have Limits on Executive Compensation.** As a part of the Emergency Economic Stabilization Act (EESA) of 2008, executive compensation limitations were put into effect for senior executives at banks that are a part of the rescue plan. One of the intents of this legislation is to ensure that executives who put their financial institution at risk are not rewarded. Also contained in the EESA for participating banks are restrictions on “golden parachutes” or severance pay, tax exemptions for executive compensation above designated levels, and incentive pay limitations. (See Chapter 7.)
- **New Mental Health Parity Law Raises Cost Concerns.** Banks must comply with the Mental Health Parity and Addiction Equity Act (MHPAEA) of 2008 by October 2009, unless they employ less than 50 employees. MHPAEA is part of the 2008 financial bailout legislation. The act amends the existing mental health provisions under the Employee Retirement Income Security Act. (See Chapter 9.)
- **401(k) Participants Endure Volatile Markets.** By some estimates, participants in defined contribution plans, such as 401(k) plans, saw their balances decrease by as much as \$2 trillion in losses in the months preceding November 2008. According to Peter Orszag, director of the Congressional Budget Office, by mid October 2008 the average participant in an employer-sponsored 401(k) or other defined contribution plan saw a 20 percent decrease of the value of their account balances since middle of the year 2007. He also testified that worker’s confidence in their ability to pay for basic needs of housing, food, and health needs are eroded. (See Chapter 11.)

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