

Employee Benefits and Executive Compensation
Vilnius University
31 October – 11 November 2016

This two-week course will provide an overview of the U.S. laws regarding employee benefits and executive compensation. Employees in the U.S. receive retirement and medical benefits from three sources: (i) U.S. government provided benefits; (ii) employer-provided benefits; (iii) personal savings. The lectures and materials will touch on all three sources but will focus on employer-provided benefits which are subject to the Employee Retirement Income Security Act of 1974.

Employers are not required to provide benefits to employees but do so voluntarily. A voluntary system raises many social and economic policy issues that will be discussed such as (i) reasons why employers would voluntarily provide benefits to employees; (ii) how to insure that the benefits are actually available and paid to employees; (iii) how to insure that benefits are allocated fairly among employees and not just to the highly compensated; and (iv) how should assets accumulated to pay for retirement benefits under employer plans be invested. In the executive compensation portion of the course, the lectures will address the various types of benefits received by executives of publicly traded corporations and the attempt to regulate those benefits through public disclosure.

The U.S. Presidential election will take place on 8 November 2016. If time permits and there is interest, one session would be devoted to discussing the results of the election.

The following is a rough outline of the course:

- Overview of the U.S. System For Providing Employee Benefits
- Employee Retirement Income Security Act of 1974 (ERISA)
 - Reasons and Incentives for employers to provide employee benefits
 - History of ERISA
 - Making benefits non-forfeitable (vesting and accrual rules, prohibitions on bad behavior by employers and limitations on forfeiture for bad behavior by employees)
 - Funding requirements for benefits
 - Rules for allocating benefits equitably (non-discrimination rules)
 - Investment of employee plan assets (fiduciary rules)
 - Retirement benefits versus health benefits
 - Pension Insurance (Pension Benefit Guaranty Corporation)
 - Executive Compensation:
 - Types of benefits (stock options, restricted stock, golden parachutes etc.)
 - Overview of regulation
 - Disclosure requirements