



WORK \ FINANCE \ LIFE



Lessons of Successful
Entrepreneurs; How Bobbi
Brown Built Her Business;
Investing in Women



Worth's Greatest Hits;
Your Portfolio in 2042;
Tony Robbins Takes Aim
at Wealth Management



Five Fantastic New SUVs;
Warming to Spring Fashion;
25 Things You Can Do to
Live Longer

Worth[®]

THE EVOLUTION OF FINANCIAL INTELLIGENCE

THE ANNIVERSARY ISSUE

1992

ESTABLISHED



WORTH.COM

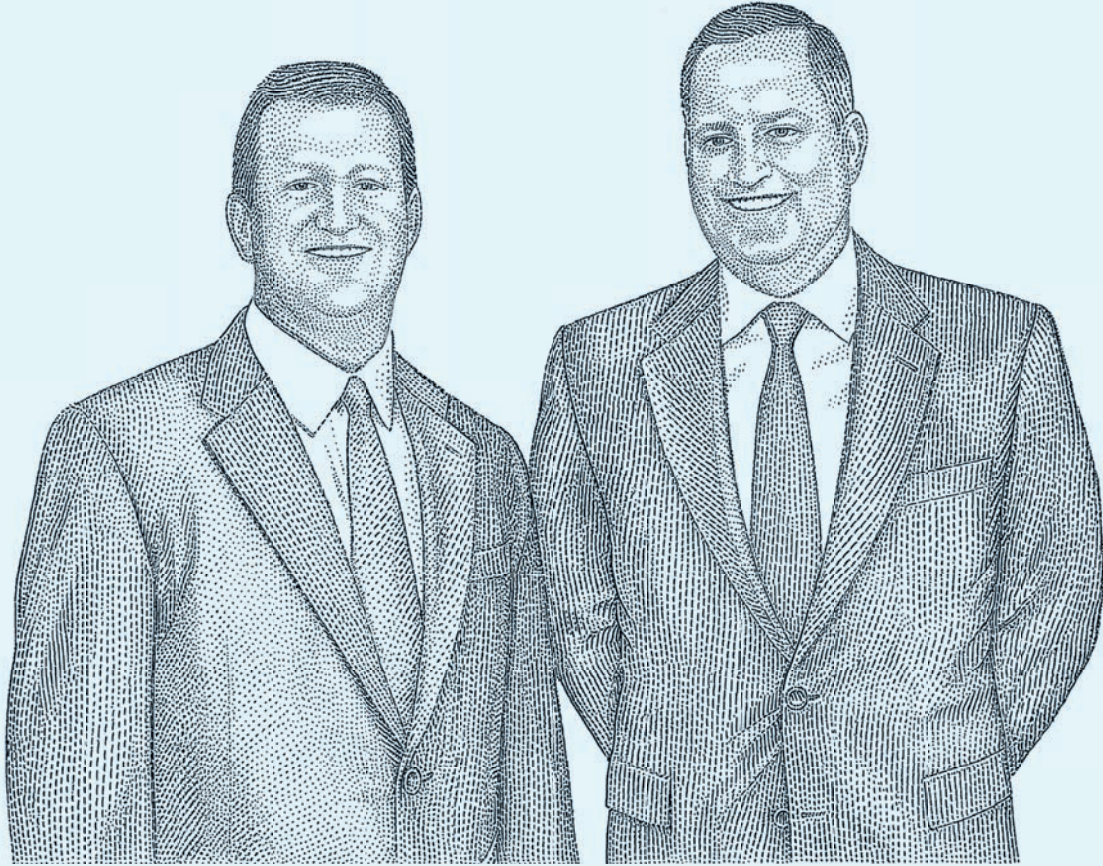
26

VOLUME 26 | EDITION 01



How can you “ARM” your key employees for success?

BY DOUGLAS J. DICERBO AND JAMES N. PETTORELLI



Left to right:
James N. Pettorelli,
Douglas J. DiCerbo

D&P FINANCIAL ADVISORS AT NORTHWESTERN MUTUAL

One Beacon Street, 25th Floor, Boston, MA 02108

617.531.9525
617.531.9578

FEATURED ADVISORS

Douglas J. DiCerbo, CLU®,
Wealth Management Advisor

James N. Pettorelli,
Wealth Management Advisor

ASSETS UNDER MANAGEMENT

Confidential

FINANCIAL SERVICES EXPERIENCE

Douglas, 21 years; James, 21 years

PRIMARY CUSTODIAN FOR INVESTOR ASSETS

Pershing, LLC

MINIMUM FEE FOR INITIAL MEETING

None required

COMPENSATION METHOD

Asset-based fees and commissions

MINIMUM NET WORTH REQUIREMENT

\$1 million (for planning services)

PROFESSIONAL SERVICES PROVIDED

Planning, investment-advisory services,
insurance products, money-management
services, investment products

EMAIL

doug.dicerbo@nm.com
james.pettorelli@nm.com

WEBSITE

www.dougdicerbo.com
www.jamespettorelli.com

M

ost business owners would love to have employees who are as passionate about the company as they are. The most important reason: The future of a closely held or family business depends on how securely its select employees are tied to it.

To ensure the continued success of a business, then, owners need to “ARM”—attract, retain and motivate—key employees who can help grow and sustain their organizations. For many closely held companies, a well-designed compensation strategy that is directly connected to the growth plan of the business may be the answer.

Many businesses are sold to key employees. If this occurs with your company, your ability, as its departing owner, to harvest its value may be directly tied to the success of the people left to run it.

In fact, unless you have capable successors and employees, your closely held business may not survive your departure if key employees leave instead of adapting to the new owners and management.

TYING EMPLOYEES' INTERESTS WITH YOURS

The purpose of a key employee compensation plan is to put “glue in the seats” for those team members who are critical to the success of your business. Equally important, such a plan’s purpose is to provide a tool owners can use to identify current and future employees who thrive on peak performance and have the ability to think and act like an owner.

A key employee compensation plan can help connect the dots between performance and results, providing a means to create and sustain long-term engagement.

There are numerous methods for rewarding a key employee’s commitment, loyalty

“

The purpose of a key employee compensation plan is to put ‘glue in the seats’ for those team members who are critical to the success of your business.

”

and hard work. Whether they are cash based, equity based or some combination, the most effective plans typically share four common features: 1) the rewards are substantial; 2) they’re specific and measurable; 3) they’re tied directly to an increase in the company’s economic value and objectives; and 4) they’re designed to vest over time.

MOTIVATIONAL TOOLS

There are few better motivators for retaining top-performing employees than making them an owner. Stock ownership provides “golden handcuffs,” which tie a key employee’s financial goals to the growth and long-term success of the company. Many

owners of closely held businesses, however, don’t want to involve key employees in all the decision-making for the business.

Rather than giving or selling shares outright to key employees, many closely held companies will reward them by offering a share in the success of the business through cash-based plans. These are proffered once key employees meet measurable goals. Rewards can come in the form of a nonqualified deferred compensation plan, which provides supplemental retirement benefits to a select group of key employees. Another kind of reward might be “phantom stock plans” that give rights to the appreciation in stock value rather than the stock itself.

SELECTING THE RIGHT PLAN FOR YOUR BUSINESS

Retaining key employees is crucial to growing the value of a business and to the owner’s goal of one day harvesting that value.

All of these options require careful planning to maximize their effectiveness and ensure compliance with federal regulations. That’s why it’s wise to speak with your attorney, accountant or financial advisor to learn about how a select employee compensation plan can help your business survive and prosper into the future. ●

Article prepared by Northwestern Mutual with the cooperation of Douglas DiCerbo and James Pettorelli. Douglas DiCerbo and James Pettorelli are Wealth Management Advisors with Northwestern Mutual, the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI, and its subsidiaries. DiCerbo and Pettorelli are based in Boston, MA. To contact either, please call 617-531-9525, or email doug.dicerbo@nm.com or james.pettorelli@nm.com or visit their websites, www.dougdicerbo.com or www.jamespettorelli.com. This information is not intended as legal or tax advice. Not all products mentioned in this article are offered through Northwestern Mutual.

ABOUT US

D&P FINANCIAL ADVISORS AT NORTHWESTERN MUTUAL BASED IN DOWNTOWN BOSTON PROVIDES HOLISTIC FINANCIAL PLANNING TO A VARIETY OF HIGH NET WORTH INDIVIDUALS, FAMILIES AND BUSINESSES ACROSS THE COUNTRY. Douglas J. DiCerbo, James N. Pettorelli and their staff have a combined 70 years of financial planning experience. Their areas of expertise include, but are not limited to, risk and wealth management, retirement planning, estate planning and business planning. D&P’s goal is to ensure that all clients receive exceptional guidance to help overcome financial challenges and plan for their future, ultimately helping to make their long-term goals a reality. ●



Douglas J. DiCerbo, CLU®
Wealth Management Advisor

James N. Pettorelli
Wealth Management Advisor

D&P Financial Advisors at Northwestern Mutual

One Beacon Street, 25th Floor
Boston, MA 02108

doug.dicerbo@nm.com
james.pettorelli@nm.com

www.dougdicerbo.com
www.jamespettorelli.com

REPRINTED FROM

Worth
THE EVOLUTION OF FINANCIAL INTELLIGENCE

D&P Financial Advisors at Northwestern Mutual is featured in Worth® 2017 Leading Wealth Advisors™, a special section in every edition of Worth® magazine. All persons and firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by Worth®, and thereafter paid the standard fees to Worth® to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by Worth®, and Worth® will not be responsible for the performance, acts or omissions of any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. Worth®, a publication of the Worth Group LLC, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. Worth® is a registered trademark of the Worth Group LLC.