



Wellness and Education for Nonqualified Plan Participants

Nonqualified deferred compensation (NQDC) plans are a key tool for attracting and retaining top-tier executives, allowing high earners to save beyond the limits of qualified retirement plans. But understanding how to maximize this benefit isn't always clear.

Increasingly, plan sponsors are realizing that many NQDC plan participants are underinformed or simply unaware of how to take full advantage of their plans. The result? A growing need for robust financial wellness solutions that offer not only education but personal financial advice.

"It's easy to assume that people who earn a higher income must be financially well educated or financially savvy," says Katie Securcher, a senior manager on CAPTRUST's nonqualified executive benefits team. "But the truth is that these folks need help—help understanding their benefits and making the best use of their plan."

The Case for Better Education

The 2024 NFP "[U.S. Executive Compensation and Benefits Trend Report](#)" found only 29 percent of participants fully understand their NQDC benefits. That's a problem, especially when participants are making long-term decisions with complex tax consequences.

The good news is, for the most part, employers know that communication and education need to improve. According to the 2024 Newport/PLANSponsor "[NQDC Plan Trends Survey](#)," 72 percent of plan sponsors say improving communication and education is their top priority for NQDC plans. This outpaces other enhancements like digital tools (32.8 percent) or investment menu reviews (32 percent).

It's important to remember that Section 409A, which created and governs NQDC plans, has only been around for 20 years. "We spent the last two decades rolling out these plans, making the benefit available, and trying to get people to participate," says Securcher. "But the industry hasn't done a

great job advertising them or teaching people how they work.”

Financial Wellness as the Fix

That’s where financial wellness comes in. “The best financial wellness programs, like the best financial advisors, don’t just explain how things work,” says Securcher. “They help participants connect the dots between their income, savings, tax strategy, and long-term goals. They show people how to balance all the various pieces of their finances and view them as part of a holistic picture.”

In the past few years, financial wellness programs have become an increasingly popular employee benefit. For both employers and employees, they have been highly desirable. And they seem to work.

A recent [PLANADVISER spotlight](#) noted a 60 percent drop in extreme financial stress among employees who engaged with one financial wellness tool. These aren’t just feel-good benefits. They have a measurable impact on participant well-being and performance.

“We have an opportunity to make a real difference for participants—but that requires engagement,” says [Chris Whitlow](#), senior director and head of CAPTRUST at Work, the firm’s financial wellness solution for employers and retirement plan sponsors. “Many participants don’t fully realize the strategic nature of nonqualified plans until they’re at a decision point, often under pressure. That’s why education and early planning are so critical.”

Three Distinct Phases of NQDC Participation

Whitlow says a more tailored approach to education starts with recognizing where someone is on their NQDC journey. “We tend to see participants fall into one of three phases—early, middle, or late,” says Whitlow. “Each phase comes with a unique set of questions and planning considerations.”

- Early-phase participants are just getting started with their NQDC plan. They may not fully understand what it is or how to make smart elections.
- Middle-phase participants are actively contributing and need more advanced planning, plus advice on how to balance deferrals with current income, manage taxes, and plan distributions.
- Late-phase participants are preparing to receive their distributions and need clarity on liquidity, tax strategy, and integrating NQDC income into their retirement income plan.

“Effective education must be tailored,” Whitlow says. “Someone just getting started needs foundational guidance. Someone preparing for distributions needs highly specific, scenario-based advice. A segmented approach makes education far more relevant—and ultimately more actionable.”

How to Deliver NQDC Education

Here are a few examples of what some plan sponsors are doing to educate participants.



1. **Use live sessions to spark engagement:** Whether virtual or in person, regular sessions give participants the opportunity to ask questions and get clarity. “Employers sometimes have a hard time explaining the ins and outs of their nonqualified plan,” says Securcher. “But they can tap their financial advisor or plan administrator to help. Once people hear things without jargon, it usually clicks.”
2. **Provide support before the enrollment window:** Most key decisions and elections need to be made during open enrollment or onboarding windows. “We want participants to start investigating and learning about their options before it’s decision time,” says Whitlow. “If we wait, we’ve likely missed the window to influence an appropriate outcome.”
3. **Pair digital tools with human help:** A well-designed portal is useful, but nothing replaces a personal conversation. “Typically, the participants who really understand their plan are the ones who got personalized advice from a human,” said Securcher. “A coach, an advisor, someone who explained the ‘why.’”
4. **Tailor communication to senior leaders:** For executives, delivery matters. Keep communication concise, context-specific, and benefit-focused. Consider incorporating tax projections or scenario modeling into conversations.

What’s In It for Plan Sponsors?

When employees maximize their NQDC plan they’ll value it more, and they’ll advocate for it. What are the benefits for plan sponsors?

- **Recruitment and retention:** In a tight labor market, NQDC plans can help attract and keep key talent—but only if participants see them as a clear value-add.
- **Reduced liability:** When participants understand how their elections work, the risk of complaints or misunderstandings goes down. “Participants—regardless of role—deserve a clear understanding of how their decisions today affect outcomes later,” says Whitlow. “That clarity helps ensure the benefit is experienced as a strategic advantage, not a surprise. It’s about setting the right expectations and building trust.”
- **Increased plan utilization:** More participation typically leads to better alignment between compensation strategy and retention goals. “In our experience, the companies that lean into education often see higher deferral rates and stronger engagement,” says Securcher.
- **Improved financial wellness culture:** Integrating NQDC education into your broader wellness strategy can help build trust and loyalty across the organization. “When employers invest in education around benefits like NQDC, it reinforces that they value their people’s long-term financial well-being,” says Whitlow. “That message builds confidence and loyalty.”

Enter Generative AI

Generative AI has the potential to revolutionize participant education by making it smarter, faster, and more personalized. AI-powered tools can offer on-demand explanations of plan provisions, simulate distribution strategies, or help participants model the tax impact of deferral decisions—all in natural



language.

“AI can play a meaningful role in lowering the barrier to entry for participants who may feel hesitant or unsure,” says Whitlow. “When applied thoughtfully, it can personalize the experience, introduce a sense of empathy, and help participants ask more informed questions when they engage with their advisor.”

Instead of reading through dense plan documents, participants could one day ask detailed questions about their unique financial situation and receive a tailored, plain-English answer—instantly.

AI can’t replace good, human advice, but it can be a powerful first step. Especially for early-phase participants who are intimidated or unsure, AI can help reduce the friction of getting started. “If technology helps participants approach a conversation with greater clarity and confidence, that’s a win—for them and for their advisor,” says Whitlow. “It’s not a replacement for human advice, but it can be a powerful complement.”

Moving Forward

Whether your NQDC plan is a legacy benefit or a recent addition, now is the time to re-evaluate how well participants understand it. Do they know how to elect deferrals strategically? Are they choosing thoughtful distribution schedules? Do they understand the tax implications?

If not, the solution isn’t just plan redesign—it’s education.

“Sometimes, we hear from employers that NQDC participation is low and people don’t seem to take advantage of the benefit,” says Securcher. “Almost always, what’s happening is not a lack of interest. It’s a lack of clarity. When people get clear on what the plan can do for them—they use it.”

DISCLOSURE: The information provided is for educational purposes only, and does not constitute an offer, solicitation, or recommendation to sell or an offer to buy securities, investment products, or investment advisory services. Nothing contained herein constitutes financial, legal, tax, or other advice. Consult your tax and legal professional for details on your situation.

Investment advisory services offered by CapFinancial Partners, LLC (“CAPTRUST” or “CAPTRUST Financial Advisors”), an investment advisor registered with the SEC under The Investment Advisers Act of 1940.

Legal Notice

This material is intended to be informational only and does not constitute legal, accounting, or tax advice. Please consult the appropriate legal, accounting, or tax advisor if you require such advice. The opinions expressed in this report are subject to change without notice. This material has been



prepared or is distributed solely for informational purposes. It may not apply to all investors or all situations and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. The information and statistics in this report are from sources believed to be reliable but are not guaranteed by CAPTRUST Financial Advisors to be accurate or complete. All publication rights reserved. None of the material in this publication may be reproduced in any form without the express written permission of CAPTRUST: 919.870.6822.

© 2026 CAPTRUST Financial Advisors