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UT LAW CLE

TEXAS Law
The University of Texas at Austin
School of Law

COMPENSATION AND BENEFITS – SETTING, PAYING AND DISCLOSING

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Agenda

1 | Considerations for Setting Compensation

2 | Avoiding Section 4958 Excess Benefit for Excessive Compensation Examinations update

3 | Setting and Structuring Pay – Navigating Section 4960 Excessive Compensation

4 | Disclosing Compensation – Compensation Reporting Challenges on Form 990

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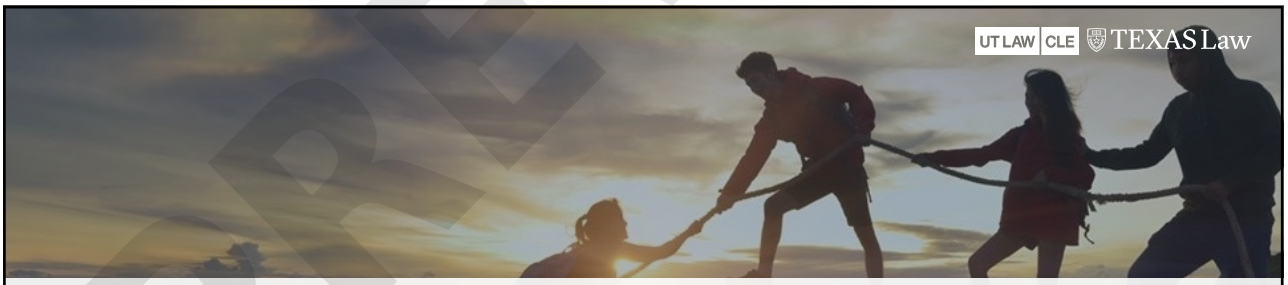

1 Considerations for Setting Compensation

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Considerations for Setting Compensation

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- Universal themes you will hear throughout this presentation for successfully managing compensation
  - Be proactive.
  - Develop simple and attainable annual schedules and checklists.
  - Adhere to a compensation calendar.
  - Remove or limit conflicts of interest.
  - Adopt a compensation philosophy and strategy.
  - Keep it simple.
  - Use IRS guidance to your advantage.

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Considerations for Setting Compensation

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- **No "Inurement" or "Private Benefit"** – Section 501(c)(3)
  - Applies to both tax-exempt public charities and private foundations
  - Tax-exempt organization must receive in return a benefit equal to or greater than the benefit it has conferred on the insider
- **No Self-Dealing for Disqualified Persons** – Section 4941
- **No Taxable Expenditures** – Section 4945
- **Excessive Compensation** – Section 4960
- **Intermediate Sanctions** – Section 4958

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Title search: Compensation and Benefits: Setting, Paying and Disclosing

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