

US - Deferred Compensation

Tasks to be completed when documenting an operation (from creation to publication)

1. Enter the **Title of the operation / page**

2. Add the following Labels:

- Scope of applicability: ww, country_accounting
- Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, latvia, australia, india, japan, south_korea, thailand, singapore, new_zealand, emea_transversal, apac_transversal
- Unit and Domain according to the [List of labels to be used in the Finance Service Line space](#)
 - E.g. 1: WW Operation in Financial Accounting under domain "Central Finance Processes & Compliance":
 - Labels to be used: *ww, financial_accounting, central_fin_proc_compliance*
 - E.g. 2: France Operation in Financial Accounting:
 - Labels to be used: *country_accounting, france, financial_accounting* (for country operations, the Domain is always country_accounting)

3. Fill in all fields as described above

4. Name the title of each section using OPD methodology naming convention - **Infinitive verb without the "to", mainly action verb...something) - " I do something..."**

5. Once the description of the operation is completed, ensure it is approved and published by launching the [SBS-Finance approval workflow](#)

Domain:

Responsibility area:

Table of contents

- [Tasks to be completed when documenting an operation \(from creation to publication\)](#)
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- [Table of contents](#)
 - [1. Objective and Scope](#)
 - [1.1. Objective of this Operation](#)
 - [1.2. Scope](#)
 - [2. Definitions](#)
 - [3. Tasks description](#)
 - [3.1. I retrieve the data](#)
 - [3.1.1. I search for the ticket](#)
 - [3.1.2. I filled the data on the posting file](#)

- [3.2. I do the Deferred Compensation reconciliation](#)
- [3.3. I inform the CAM](#)

Scope

[blocked URL](#)

ERP



Frequency

[blocked URL](#)

References

Forms

[Deferred Compensation Posting File PF1](#)

[Deferred Compensation Reconciliation Template](#)

Attachments

<< US - Deferred Compensation >>

1. Objective and Scope

1.1. Objective of this Operation

The purpose of this document is to explain how the Deferred Compensation provision is calculated and posted for US Companies.

The Deferred Compensation is a monthly contribution paid by the key executives. The managers choose to defer a part of their remuneration and the funds are deposited in as a saving plan, but these plans are considered as non-qualified, that means the government is not responsible for this funding in case of company's bankrupt. So, the company is not obligated to fund these amounts. Under these rules, the company maintains the liability but is not required to deposit funds into the Deferred Compensation accounts.

When an individual retires or leaves the company, he develops a program with the company outlining withdrawals from the plan. Withdrawals are issued from the payroll system. Besides the executive's contributions, we shall have a saving from the company that happens because the US tax code has limits on the amount companies can contribute to an individual's qualified savings plan. We call these plans 401(K) plans. When contributions exceed these limits, these additional contributions are recorded in the deferred compensation plan. Generally in the second half of the year you will see these types of contributions as highly paid individuals exceed the tax law limits.

1.2. Scope

This procedure is applicable for US companies on D+12.

2. Definitions

See [Finance Glossary](#).

3. Tasks description

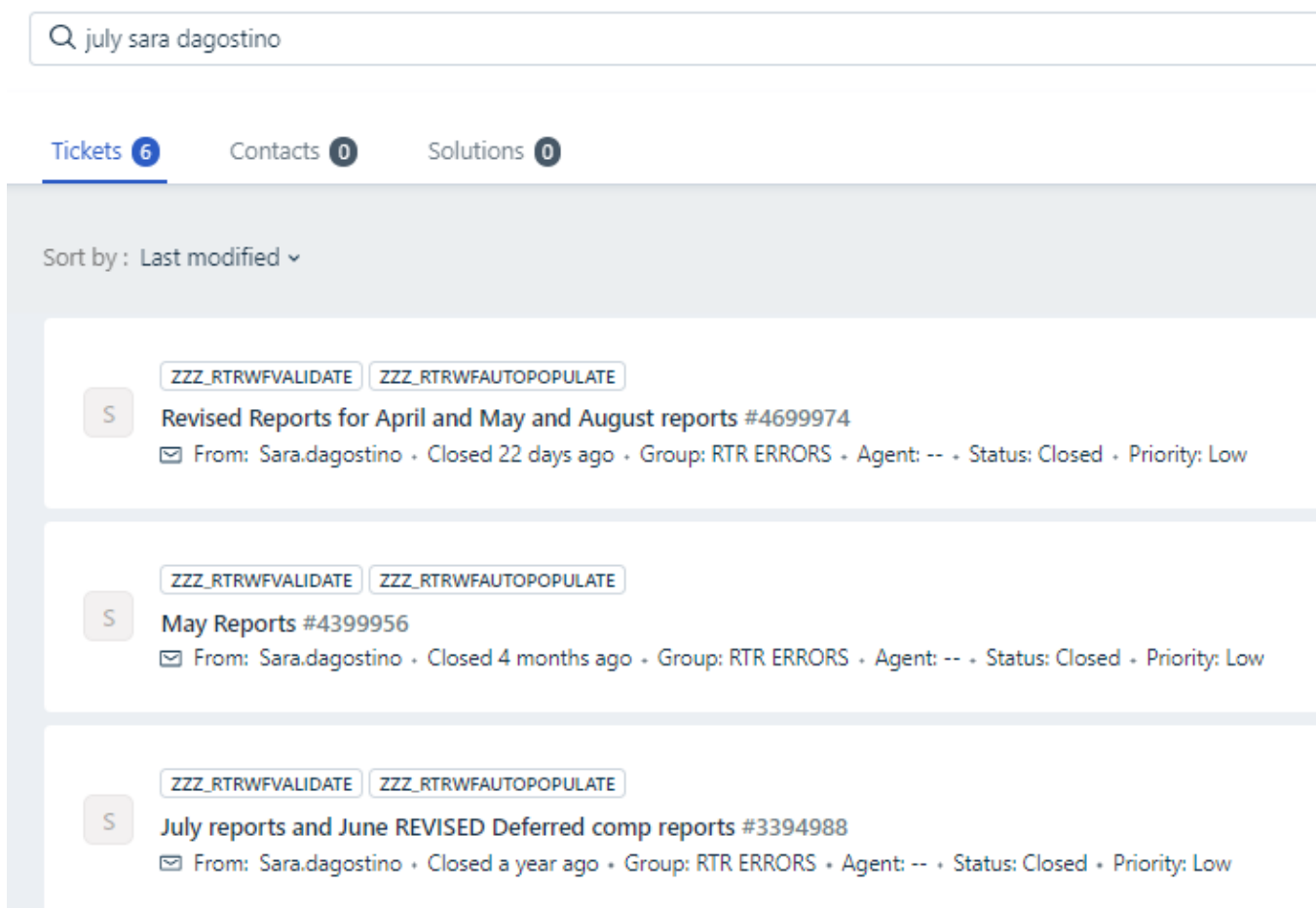
Finance Operation team receives a report from HR issued by the plan Trustee that defines the deferred compensation balance by company. The column "Earnings" should be posted to the account of the related company following the procedure below:

- Receive the information from HR
- Prepare the file for the journal posting.
- If there are questions contact HR. As of this issue the individual to call is Sara D'Agostino based in Houston at 713-525-6044. Annually Finance Operation team needs to verify with NAFTA HR that this individual remains the key contact on deferred compensation.

3.1. I retrieve the data

3.1.1. I search for the ticket

Go to the Freshdesk portal or your emails and search for the previous month + Sara Dagostino as the example below:



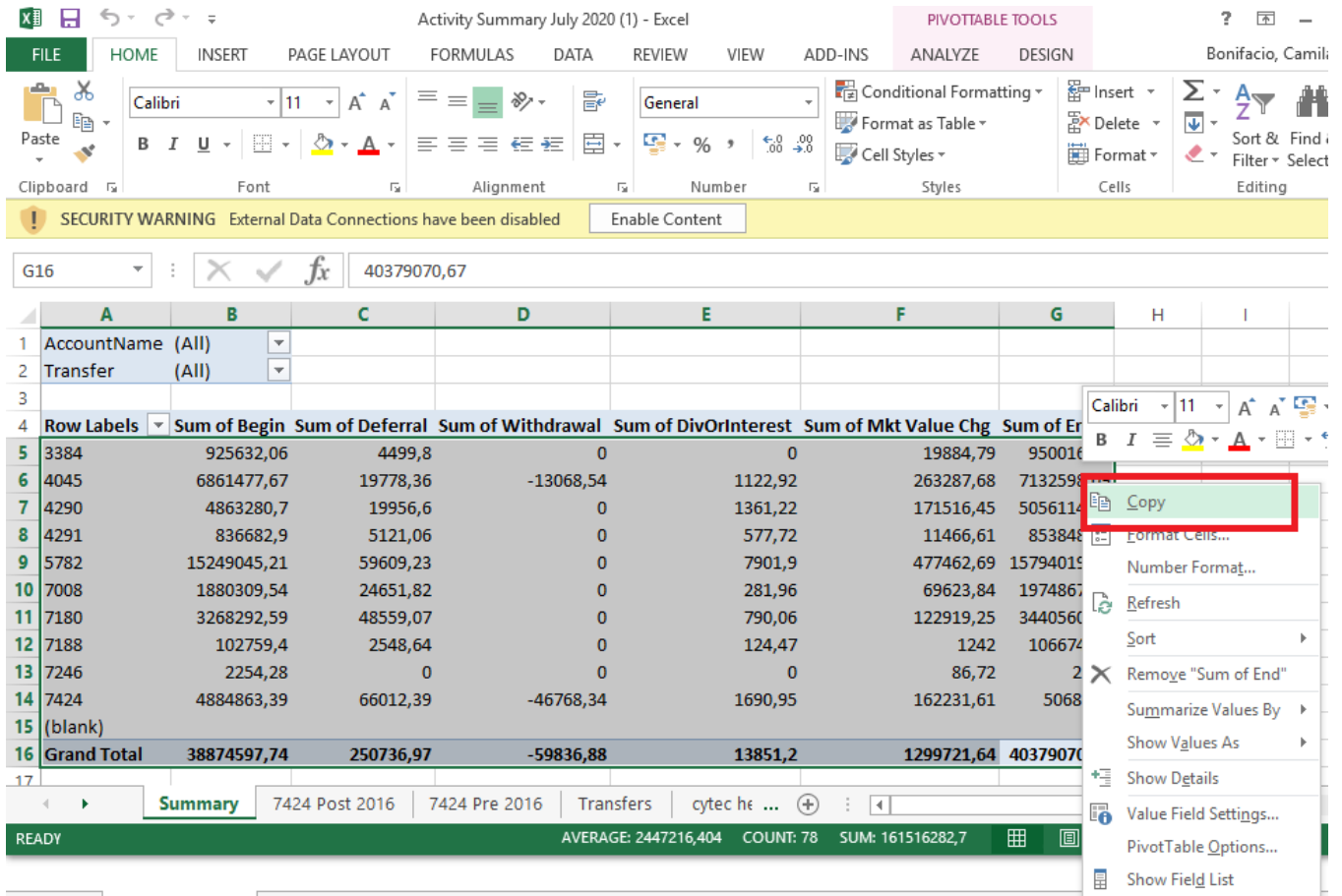
The screenshot shows a search bar with the query "july sara dagostino". Below the search bar, there are three tabs: "Tickets 6", "Contacts 0", and "Solutions 0". The "Tickets" tab is selected. The results are sorted by "Last modified". Three tickets are listed, each with a status icon (S), a title, and a detailed description including the sender, closure time, group, agent, status, and priority.

Ticket ID	Title	From	Closed	Group	Agent	Status	Priority
ZZZ_RTRWFVALIDATE ZZZ_RTRWFAUTOPOPULATE #4699974	Revised Reports for April and May and August reports #4699974	Sara.dagostino	22 days ago	RTR ERRORS	--	Closed	Low
ZZZ_RTRWFVALIDATE ZZZ_RTRWFAUTOPOPULATE #4399956	May Reports #4399956	Sara.dagostino	4 months ago	RTR ERRORS	--	Closed	Low
ZZZ_RTRWFVALIDATE ZZZ_RTRWFAUTOPOPULATE #3394988	July reports and June REVISED Deferred comp reports #3394988	Sara.dagostino	a year ago	RTR ERRORS	--	Closed	Low

Open the ticket related to previous month and download the file named Activity Summary (month+year).

3.1.2. I filled the data on the posting file

Copy the values in file Activity Summary tab 'Summary' and paste on template [Deferred Compensation Posting File PF1](#) tab 'CALCULATION':



The earning to be posted will be filled at column J and also in the tab 'TEMPLATE' and 'POSTING FILE'. To confirm that amount to be posted in column J is correct, it should be the sum of the amounts in columns "Sum of DivOrInterest" and "Sum of Mkt Value Chg".

In the tab 'TEMPLATE', change the Doc Date and Posting Date to the first day of the current month, runs the controls and post the document.

3.2. I do the Deferred Compensation reconciliation

Using the same file sent by Sara Dagostino, open the [Deferred Compensation Reconciliation Template](#).

On the tab "Reports", copy and paste the same information that you used in the first template, according to the period. For this example, the period was 07.

Row Labels	Sum of Begin	Sum of Deferral	Sum of Withdrawal	Sum of DivOrInterest	Sum of Mkt Value Chg	Sum of End
3384	1.085.324,38	5.992,50	-	-	5.082,44	1.096.399,32
4045	7.019.665,93	15.071,46	238.551,37	855,15	57.708,25	6.854.749,42
4290	6.100.364,73	20.422,55	-	924,52	45.625,40	6.167.337,20
4291	795.587,93	5.112,02	-	492,68	153,18	801.345,81
5782	19.845.269,55	52.506,74	619.258,22	5.505,29	150.196,97	19.434.220,33
7008	2.495.504,64	28.969,71	-	133,80	25.010,95	2.549.619,10
7180	4.852.296,64	40.259,58	-	838,85	20.942,31	4.914.337,38
7188	186.189,06	2.599,62	-	72,24	1.056,90	189.917,82
7246	55.271,91	-	-	-	387,44	55.659,35
7424	7.088.085,55	87.586,79	54.512,11	1.801,41	28.867,06	7.151.828,70
(blank)						
Grand Total	49.523.560,32	258.520,97	912.321,70	10.623,94	335.030,90	49.215.414,43

Check if there is any difference in the next column, which compares the initial balance of the current month with the end balance of the last month. If there is, you should contact Intercompany team and the CAM of the company to create an invoice since usually these differences are related to transferences between company codes.

After that, paste the same information in tab "FS10N", and copy the amount from FS10N in account 400000016 from the previous month to check if there is any difference:

Row Labels	Sum of Begin	Sum of Deferral	Sum of Withdrawal	Sum of DivOr	Sum of Mkt Val	Sum of End	FS10N by company	Earning posted	DIFFERENCE
3384	1085324,38	5992,5	0	0	5082,44	1096399,32		5.082,44	1.091.316,88
4045	7019665,93	15071,46	-238551,37	855,15	57708,25	6854749,42		58.563,40	6.796.186,02
4290	6100364,73	20422,55	0	924,52	45625,4	6167337,2		47.195,78	6.921.487,23
4291	795587,93	5112,02	0	492,68	153,18	801345,81			
5782	19845269,55	52506,74	-619258,22	5505,29	150196,97	19434220,33		155.702,26	19.278.518,07

Account number	400000016	Deferred compens
Company code	3384	SOLVAY FLUORIDES, LLC
Business area	*	
Fiscal year	2021	
All documents in currency	*	Display currency USD

Period	Debit	Credit	Balance	Cumulative balance
Balance Carryf...				1.016.820,30-
1		20.909,44	20.909,44-	1.037.729,74-
2	4.686,28	5.865,44	1.179,16-	1.038.908,90-
3	1.978,91	5.865,44	3.886,53-	1.042.795,43-
4	3.125,44	5.992,51	2.867,07-	1.045.662,50-
5		19.509,45	19.509,45-	1.065.171,95-
6		15.374,29	15.374,29-	1.080.546,24-
7		10.770,64	10.770,64-	1.091.316,88-

For example, company code 3384 has no difference after the amount of FS10N was inputted:

Row Labels	Sum of Begin	Sum of Deferral	Sum of Withdrawal	Sum of DivOr	Sum of Mkt Val	Sum of End	FS10N by company	Earning posted	DIFFERENCE
3384	1085324,38	5992,5	0	0	5082,44	1096399,32	1.091.316,88	5.082,44	0,00

If you have no difference, the reconciliation is complete and you can save the file.

3.3. I inform the CAM

Send a case to the CAM with the document number generated.

End of document.