

» Deferred Compensation and Carried Interest

Should be Part of Your Comprehensive Centralized Compensation Solution

Bringing complex plan elements like deferred compensation and carried interest into a single system is easier than you think.

Many financial firms wind up managing their compensation on multiple systems. For routine salary and bonus calculations, they use the compensation module of their human resources systems or maybe a specialized compensation software package. For more elaborate arrangements, like carried interest and deferred compensation, they often resort to tracking in spreadsheets, because they are too complex for the general HR software to handle.

This division creates unneeded work and makes it harder for firms to manage all their compensation in a single process. Using spreadsheets, moreover, requires time consuming manual data entry and is prone to security risks and errors.

Decusoft has a long history in the financial services sector, including significant experience working with private fund managers. We've designed our *Compose* platform with the flexibility to handle the complex plan structures used at financial firms and the challenges faced by their compensation administrators and planners. With *Compose*, you can plan deferred compensation and carried interest alongside merit raises, bonuses, and other short- and long-term incentives. One streamlined system gives you complete control and comprehensive information.



Deferred Compensation

Deferring part of an annual bonus award offers many advantages. It can align the employee with the firm's long-term interests, incent them to stay with the firm, and sometimes provide tax advantages. These arrangements can be very complex, with the schedule and amounts of future payments often tied to certain criteria.

Decusoft's *Compose* compensation platform tracks all of these waterfall payments and accounts for cash out the door within its comprehensive compensation planning and management system.

Addison Torres(2153) - [CCy] Vesting Awards

Employee
Addison Torres(2153)

Comp Cycle
2022

Bonus Target %
0.23 %

Bonus Target Amount
690

▼ Deferral Award Year 2022

Original Bonus Amount
225,000.00

Vesting Schedule
3 Year Vest

Award Year
2022

▼ 2023

VestingDate
12/30/2023

VestingPercent
33.33 %

VestingTrancheAmount
19,998.00

▼ 2024

VestingDate
12/30/2024

VestingPercent
33.33 %

VestingTrancheAmount
19,998.00

▼ 2025

VestingDate
12/30/2025

VestingPercent
33.34 %

VestingTrancheAmount
20,004.00

▼ Deferral Award Year 2023

Original Bonus Amount
250,000.00

Vesting Schedule
3 Year Vest

Award Year
2023

▶ 2023

▶ 2024

▶ 2025

Cancel
Edit

» One streamlined system gives you complete control and comprehensive information.

Employee Deferral Payout View

KEY DEFERRED COMPENSATION CAPABILITIES OF COMPOSE

Applicable Comp Types: bonus, equity, or any amount-based award

Deferred Comp Types: deferred cash or any equity vehicle

Deferred Award Calculation:

- Deferral schedule creation
- Award capture
- Currency Conversion
- Deferral schedule assignment
- Calculated the cash/deferred amount split
- Vesting schedule assignment
- Creation of the vesting tranches
- Track the employee waterfall payments and company cash out the door

Carried Interest & Deferred Vesting

Carried Interest		Deferred Vesting		
CompCycle	AwardYear	YearVested	VestingTrancheAmount	VestingPercent
2023	2023	2024	\$ 19,998.00	33.33 %
2023	2023	2025	\$ 19,998.00	33.33 %
2023	2023	2026	\$ 20,004.00	33.34 %

View of an Employee's Deferred Vesting Schedule

If deferred awards are invested in a fund or index, performance can be factored into the award amount.

- Fund or index assignment
- Fund or index performance
- Calculate the current value of the deferred award

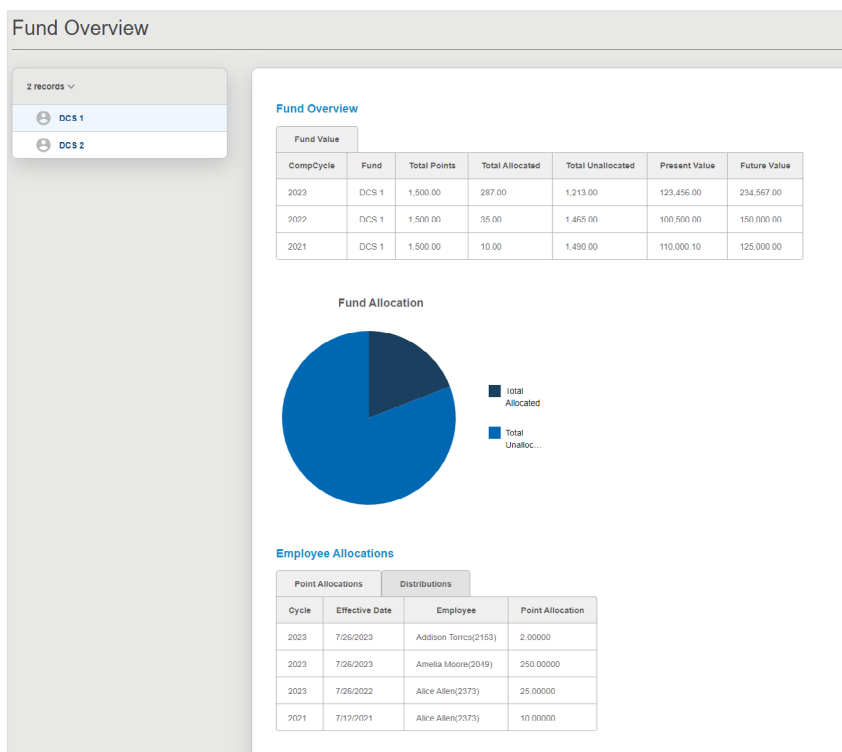
If your firm utilizes deferred comp, Decusoft will give you a huge advantage in the management, distribution, scheduling, and reporting of the plan.

Carried Interest

At private equity, venture capital, and hedge funds, carried interest is often the primary way that investment professionals are paid. It represents a share of the management fees the firm receives, which are typically based on both the assets under management and investment performance. Often the fees are contingent on certain conditions such as achieving a minimum investment return or recouping losses from prior years.

Needless to say, most HR and compensation systems can't handle the data types and calculations needed to manage carried interest. So fund management firms face the difficulties of tracking and processing carried interest separately from the rest of their compensation.

With Decusoft's *Compose*, you can configure your carried interest distribution, and replicate your existing plan in a comprehensive real-time environment. *Compose* calculates the distributions per fund and per employee. Managers have complete visibility into the distributions and the calculations behind them.



Fund Overview with Allocations

» With Decusoft's *Compose*, you can configure your carried interest distribution, and replicate your existing plan in a comprehensive real-time environment.

KEY CARRIED INTEREST CAPABILITIES OF COMPOSE:

- Tracking of allocated points by fund
- View and allocate points across multiple funds
- Track allocations and distributions over time by fund/portfolio
- Calculation of current and future value of carry for the employee
- Employee level carry allocation
- Tracking of employee history of carry
- Separate fund-to-employee and employee-to-fund views
- Control who can view which funds via role security
- Calculate present value and potential future value of individual funds and aggregate total values
- Give communicating managers easy access to their team's carried interest information to facilitate comp conversations
- Simple calculations and display to show "carry dollars at work"
- See analytics of value and distributions over the lifetime of a fund

Employee Allocation				
163 records ▾				
➔ Aaliyah Hughes(2382)				
➔ Aaron Rivera(2259)				
➔ Abigail Taylor(2055)				
➔ Addison Torres(2153)				
➔ Alex Smith(2000)				
➔ Alice Allen(2373)				
➔ Alyssa Morgan(2213)				
➔ Amelia Moore(2049)				
➔ Andrew Butler(2203)				
➔ Andrew Rodriguez(2012)				
➔ Anna Bennett(2179)				
➔ Anthony Smith(2000)				

Addison Torres(2153)				
Fund Allocation				
Cycle	Fund	Point Allocation	Present Value	Future Value
2023	DCS 1	2.00000	164.61	312.76
2023	DCS 2	5.50000	30,555,555.53	36,666,666.63
2022	DCS 2	3.25000	16,250,032.50	17,875,000.00

Distributions			
Cycle	Fund	Distribution Date	Distribution Amount
2022	DCS 1	12/22/2022	10,000.00

Employee Specific Allocation Page

Comprehensive Compensation Planning & Management

For financial firms, the true power of *Compose* compensation planning & management is in its ability to provide the most comprehensive compensation experience available. *Compose* enables a smooth, secure planning workflow that precisely reflects every company's compensation plans and policies, no matter how complex. Our years of compensation experience coupled with our agile, no-code technology means that we offer the most flexible, accessible and powerful solution available for compensation planning and management.

Managing all of your compensation through a single-source provides efficiency and security while providing top-tier, real-time reporting and analytics, including the DEI and people data required to make informed business decisions. When you add the convenience of automated people pages and total reward statements to keep your team informed you have a complete compensation solution.

THE POWER OF COMPOSE

Flexible Compensation planning for an agile workforce

- Any compensation structure and calculation
- Flexible budget tracking
- Planning workflow and authorization hierarchy
- Customizable dashboard, analytics, and reports

Real-time analytics for smarter decisions

- Budget modeling and scenario analysis
- Diversity, equity, and inclusion
- Pay transparency
- Benchmark comparisons

Powerful technology for smooth HR operations

- Central data repository integrates all HR, benefits, and performance data
- No-code technology enables users to set up client-specific fields, calculations, views and reports
- Flexible role-based security
- Comprehensive total rewards statements

