

## Long-Term Incentive

A long term incentive plan (LTIP) is a deferred compensation strategy that can be highly beneficial to both the employer and the executive.

The plan may be tied to the price of company stock shares, to the value of the company, or structured around other targeted performance metrics or goals.

Vesting of the reward can be on a graduated schedule, allowing ownership of the award to be transferred to the employee incrementally. Or, it can be structured as cliff vesting, providing no executive access to the benefit, perhaps for several years, and then full access at a pre-established time.

A long-term incentive plan can stabilize executive leadership teams, as executives who leave a company before their long-term incentive has fully vested may forfeit the not-yet-vested portion of the reward.

Other strategies can be built into the LTIP, such as restricted covenants, non-compete or non-disparagement clauses, or a confidentiality clause, further enhancing the executive retention value of the plan for the organization.

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