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Impact of Sarbanes-Oxley Act on Benefits and Executive Compensation

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Summary In addition to its many corporate and accounting reforms, the Sarbanes-Oxley Act also contains provisions which are having a significant impact in the benefits and executive compensation area for public companies.

Major changes in this area include provisions to: 1. prohibit publicly-traded companies from making or arranging loans to their directors and executive officers, 2. expedite Securities and Exchange Commission (SEC) reporting of insider trades, 3. prohibit corporate directors and executive officers from trading employer securities during a plan blackout period with respect to those securities, and 4. require Employee Retirement Income Security Act (ERISA)-covered individual account plans to provide 30 days notice of blackout periods. This article discusses these and other benefits and executive compensation provisions of the Sarbanes-Oxley Act.

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