

IFI Bulletin www.incentivefederation.org

January 2018

**Please re-new Your IFI Membership Today!**

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| **Who does the Incentive Federation represent?**  The Incentive Federation is the only organization whose membership and leadership includes all the industry’s national trade associations, as well as individual industry companies. It is under The Incentive Federation umbrella that the collective interests of the Incentive Marketing Association (IMA), the Promotional Products Association International (PPAI), The Incentive Research Foundation (IRF), the Recognition Professionals International (RPI) and Society for Incentive Travel Excellence (SITE) are discussed, nurtured and advanced. |
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| **IFI Mission Statement**  **The Incentive Federation is dedicated to promote, protect and research the incentive field, including corporate gifts, rewards, recognition, promotional products and related**    **promotions.** |

promotions.

If you haven’t re-newed your 2018 Incentive Federation membership yet, please do so today. Misplaced your 2018 pledge invoice emailed to you earlier this month, or want to upgrade your membership to a new level, contact Steve Slagle at [steves3309@gmail.com](mailto:steves3309@gmail.com).

**U.S. Regulations and Non-Cash Awards Study Released**

The Incentive Research Foundation is pleased to announce the release of its signature study ***U.S. Federal Regulations and Non-Cash Awards***. The study examines program owners’ understanding of the regulatory environment and discusses how they are adjusting their programs to accommodate these regulations.

“Most program owners understand their reward and recognition activities are impacted by the regulatory environment, but struggle with the detailed implications” said **Melissa Van Dyke**, IRF President. “Not surprisingly, over half of U.S. businesses have increased the dollars invested into programs to accommodate changes and close to half have increased staff support. We anticipate more and more resources will continue to be dedicated to understanding and accommodating regulatory requirements for non-cash awards programs, especially as these regulations themselves continue their refinement.”

With a focus on key regulations – including DOL Fiduciary Rule, 274j, OSHA, FLSA, Fair Market Value, and Sweepstakes/Lottery – program owners indicated that they were highly aware of regulatory and tax codes, but less knowledgeable about how to comply with them. Many program owners reported that they find regulations unclear and challenging to accommodate, but are making numerous changes to their programs to comply.

Key findings discussed in ***U.S. Federal Regulations and Non-Cash Awards*** include:

* Most program owners (67%) are aware there are regulatory considerations for their programs
* For the smallest businesses surveyed, awareness drops to 57%
* Only 38% of program owners consider themselves very knowledgeable about regulations and tax requirements
* Fewer than two-thirds of U.S. businesses have formal compliance mechanisms to address these requirements
* Mid-sized firms find it most challenging to remain compliant
* 86% of U.S. businesses make some revision to their rewards program on an annual basis
* Half of U.S. businesses made eight or more changes to program design based on the regulatory environment in 2017
* The most common design revisions are to general program design (87% of businesses) or program communications (85%)

When asked about their awareness and understanding of specific regulations, program owners respond consistently across the various regulations:

* A high level of awareness of that regulation, but a much lower level of knowledge about the specific requirements for compliance
* Although larger firms report awareness and knowledge, the drop-off between awareness and knowledge is like that of their counterparts.
* Small businesses report lower awareness, very low knowledge, and are the least likely to feel any given regulation is clear in its requirement for compliance.

Despite these patterns, it is not the largest or the smallest firms that find it most challenging to remain compliant. That distinction falls to mid-sized firms, those with between $100 million and $1 billion in annual revenue. It’s likely these firms have grown to a size that indicates significant complexity in their organizations, and therefore their programs, without the hard-wired compliance mechanisms found in the Fortune 500.

The survey was designed and executed by Intellective Group during the summer of 2017 to a cross-section of 419 businesses, 106 operating in the financial services sector. Program owners were targeted based on sector and revenue size: $5 - $9.9 million, $10 to $99 million, $100 to $999 million, and $1 billion or more.

The IRF will discuss the findings from ***U.S. Federal Regulations and Non-Cash Awards*** during a free webinar on **January 24.** To register for this webinar, [click here](http://t1978938.omkt.co/track.aspx?id=402%7C1E323A%7CE858%7C14C6%7C21A%7C0%7C176%7C1%7C213CDB3D&destination=https%3a%2f%2fattendee.gotowebinar.com%2fregister%2f6676716578056602115&dchk=59C1B10D).

To view or download a copy of ***U.S. Federal Regulations and Non-Cash Awards***and supporting materials, please visit <http://theirf.org/research/us-federal-regulations-and-non-cash-awards/2371/>.

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