Pearl Meyer

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Looking Ahead to Executive Pay Practices in 2022



Bill Reilly

MANAGING DIRECTOR

This year's survey features input from 255 companies, including 140 publicly traded, 76 private-for-profit, and 39 not-for-profit (NFP) organizations. As with prior surveys, the complete report offers responses broken out separately by respondent role (board member vs. employee), ownership type, industry, and company revenue size.

The data and analysis address key topics associated with the current environment, including compensation actions taken or contemplated in response to working from home, the ongoing COVID-19 pandemic, and current labor environment, as well as anticipated use of discretion for incentive awards. It also covers subjects such as compensation philosophy, compensation committee oversight, expected pay outcomes for Fiscal 2021, projected pay opportunities and mix for 2022, recent or anticipated incentive plan design changes, and long-term incentive award prevalence and participation. (While the use of environmental, social, and governance [ESG]-related metrics within executive incentive plans continues to receive a lot of attention, this topic was recently addressed in a separate Pearl Meyer study entitled "Tracking and Reporting on Diversity, Equity, and Inclusion.")

Key Highlights:

- While the COVID-19 pandemic continues to significantly impact the way we live, work, and interact, approximately two-thirds of all respondents anticipate improved financial performance compared with the prior year, with most also expecting above-target payouts for incentive cycles ending in 2021.
- Nearly half of all respondents exercised discretion or modified performance goals or metrics for 2020 incentive awards (typically short-term) in response to the pandemic, while the large majority do not anticipate taking any action for incentive cycles ending in 2021.
- Base salary merit increase percentages are returning to, and in some cases exceeding, pre-pandemic levels, with the prevalence of salary freezes declining considerably on a year-over-year (YOY) basis.

Download the Executive Summary for additional data, charts, and analysis.

About the Author

Bill is a senior advisor on executive and director compensation, helping committees and leaders set pay strategy, benchmark competitiveness, design incentives, and navigate contracts, severance/CIC, and governance expectations.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.