

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 Reilly is a managing director at Pearl Meyer. He is a senior advisor to compensation committees and executives on all aspects of executive and non-employee director compensation and advises clients on issues such as compensation philosophy, market pay assessments, pay and performance alignment, short-term and long-term incentive plan design, employment contracts and severance/CIC arrangements, competitive trends, and regulatory developments.

About Pearl Meyer

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