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The CEO Pay Ratio: Data and Perspectives from the 2018 Proxy Season

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In the years since the DFA's introduction, there have been hotly debated proposals, lobbying efforts, thousands of public comments, and numerous rounds of US Securities and Exchange Commission (SEC) interpretations, after which the rules finally became effective for proxies filed in 2018. Now, for the first time, we have information not only with respect to CEO pay (which was already disclosed in proxy statements), but about median employee pay.

Not surprisingly, there is substantial variation across companies and industries, with one of the highest ratios at approximately 5900:1 and many ratios at 0, in cases where CEOs did not take any reportable compensation for the year. It was expected that due to the variability in permitted methodologies, there would be little validity to peer comparisons. Also as expected, ample media coverage highlighted trends and outliers, often with alarming headlines.

With the first year's disclosure on the books for most companies, boards are now beginning to think about if and how they should evaluate their numbers, compare to their peers, and what—if any—actions they should take in year two. We offer our findings and analysis in this comprehensive report.

About the Author

Deborah Lifshey is a managing director at Pearl Meyer, where she specializes in advising clients on compensation matters from a legal perspective including securities disclosure, taxation and corporate governance issues, negotiation contracts, and reasonableness opinion letters.

About Pearl Meyer

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