2019 SURVEY REPORT

Single Family Office Executive Compensation

About the study

Appropriate and competitive compensation is a crucial component of recruiting and retaining single family office (SFO) executives.

This report on executive compensation practices can serve as a valuable tool for family offices as they consider and plan for the significant expense of compensation and benefits.

Led by The Forge Community, LLC and Botoff Consulting, LLC, the 2019 Single Family Office (SFO) Executive Compensation Survey focused on four executive positions:

- Chief Executive Officer (CEO)
- Chief Investment Officer (CIO)
- Chief Financial Officer (CFO)
- Chief Operating Officer (COO)

Participation was by invitation only, and respondents included 323 SFOs providing data on 491 executives. Data is presented for five categories of assets under management (AUM) by position:

- $1 billion or more
- $500 million–$999 million
- $300 million–$499 million
- $100 million–$299 million
- Less than $100 million

The AUM categories are consistent with the 2017/2018 survey, and slightly revised from the 2015 survey.

The online survey was conducted from June through August 2019. The data was collected and analyzed by Botoff Consulting. Compensation data collected reflects 2019 base salary data, and bonuses paid for 2018 performance.

The Forge Community

As a self-governing peer-to-peer community, Forge is committed to helping single-family offices create a dynamic operating environment, so they fulfill their mission of serving generations to come. Our highly collaborative, commercial-free approach empowers single family office executives with access to enduring connections plus essential insights, tools, and educational events so they make optimal decisions to evolve their offices and the families they serve.

Botoff Consulting

Botoff Consulting provides independent, customized, compensation, benefits and HR consulting services to family offices, family business enterprises, family investment firms, and family foundations. We are the premier provider of compensation data and consulting services to family offices and lead a number of compensation studies with partner organizations. With a distinctive wealth of knowledge and experience, we founded the firm in 2014 to better serve the needs of family clients and other industries in which we have expertise.

Key findings

- Compensation for executives is positively correlated with AUM, especially from a total direct compensation perspective.
- As family office AUM grows, family offices typically will transition from family members serving in executive roles to employing non-family professionals.
- Overall, the complexity of the family office grows with the family office's AUM, which corresponds to previous findings that AUM, complexity, and compensation are linked.
- Almost all family offices awarded base salary increases for 2019, with nearly 40% of family offices reporting increases that outpace the national average.
- The shift from discretionary to formalized annual incentive plans is a growing trend. However, a majority of family offices still awarded discretionary bonuses for 2018 performance.
- Half of family offices reported the use of long-term incentives for their executives, with a majority of those using either one or two types of LTI plans.
- Overall, co-investment opportunity and deferred bonus/incentive compensation are the most prominent vehicles used for long- term incentive plans.
- Approximately one-third of executives reported in the study have employment agreements; there is a positive correlation between use of employment agreements and AUM.
- The use of vesting requirements for LTI plans varies by type of plans; the lack of any vesting requirements may diminish the value of the LTI plan(s) as a retention vehicle.
- While firms with higher AUM have a higher number of employees, they also support more family members, resulting in a greater employee-to-family member ratio.

Table of contents

Profile of participating firms

Profile of participating firms

With 323 firms reporting data on 491 executives, the survey findings represent a good dispersion of family offices across the AUM tiers. This large base of family office executives enhances the quality of the findings by position and by AUM. This represents a 20% increase in both family offices and reported executives compared to the 2017 study.

FAMILY OFFICE PARTICIPANTS—BY AUM Figure 1

FAMILY OFFICE AUM	
AUM	% OF PARTICIPANTS
$1 billion or more	24.5%
$500 million–$999 million	19.5%
$300 million–$499 million	12.7%
$100 million–$299 million	26.9%
Less than $100 million	16.4%

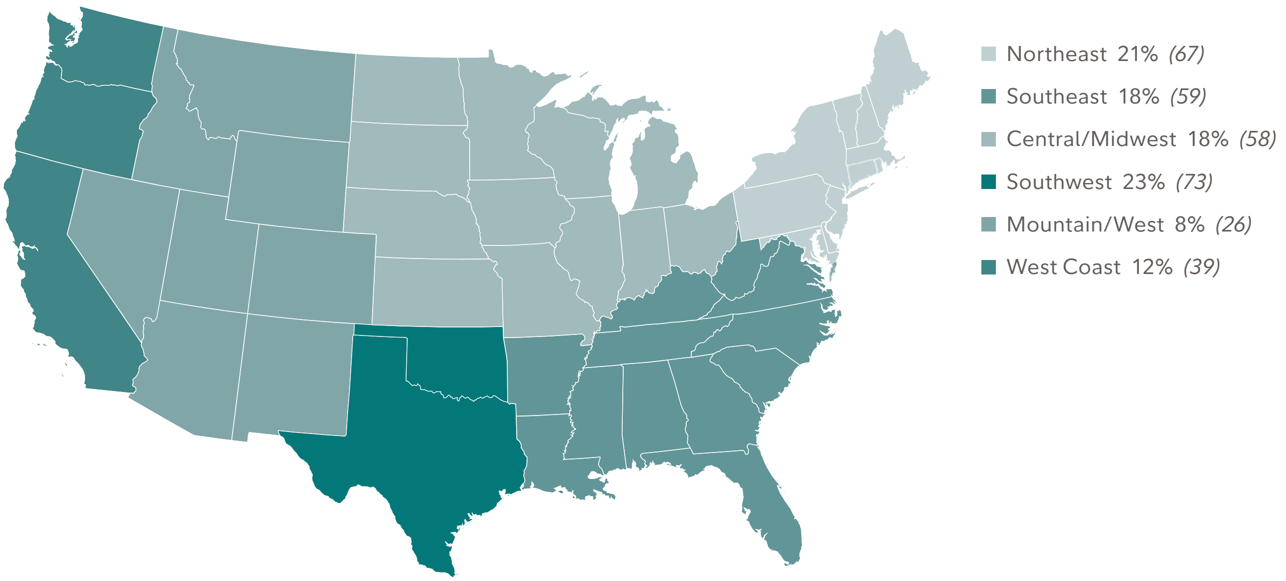
FAMILY OFFICE PARTICIPANTS—BY NET WORTH Figure 2

TOTAL NET WORTH OF FAMILY	
NET WORTH	% OF PARTICIPANTS
$1 billion or more	38.1%
$500 million–$999 million	19.8%
$300 million–$499 million	12.4%
$100 million–$299 million	22.6%
Less than $100 million	7.1%

Location

The number of participating family offices increased across nearly all regions compared to the 2017 survey. As a percentage of all respondents, the regions that increased include the Southeast, Central/Midwest, and Southwest regions, with the Southwest increasing most significantly. Regions that decreased as a percentage of all respondents include the Northeast, Mountain/West, and West Coast. The West Coast was the only region to have a decline in the number of participating offices.

FAMILY OFFICE PARTICIPANTS- BY GEOGRAPHY Figure 3



Firm structures

Most of the responding family offices are stand-alone entities, with the balance embedded within an operating company. Nearly 40% have a board of advisors/directors, with two-thirds of these boards providing oversight of compensation governance.

DIFFERENT FIRM STRUCTURES

Figure 4

N=320

86%

OF PARTICIPANTS ARE STAND-ALONE ENTITIES.

14%

ARE EMBEDDED WITHIN AN OPERATING COMPANY.

N=313

38%

HAVE A BOARD OF ADVISORS OR DIRECTORS.

64%

OF THE FAMILY OFFICE BOARDS PROVIDE OVERSIGHT OF COMPENSATION GOVERNANCE.

Firm characteristics

Consistent with previous reports, the complexity of a family office increases as AUM increases, and the average number of in-house staff and family members supported increases accordingly. However, the number of generations supported by the family offices continues to remain relatively flat across AUM tiers.

Figure 5

FIRM CHARACTERISTICS N=320	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Average number of in-house staff	11.4	27.6	9.2	6.4	4.9	4.4
Average number of family members supported	22.2	41.5	17.5	17.8	15.6	13.1
Average ratio of family members to staff	1.94	1.5	1.9	2.78	3.18	2.97
Average number of generations supported	2.8	3.1	2.8	2.7	2.6	2.5

Self-rated complexity

Family offices were asked to rate their overall complexity; the low end of the scale being less complex and the upper end of the scale being highly complex. The average self-rated complexity score increases with AUM, as would be expected.

Figure 6

FIRM CHARACTERISTICS N=311	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Complexity of family offices	56.8	70.0	60.3	53.3	50.3	47.1

Services provided

Often facing complex and unique issues, family offices require a range of services in addition to the management of investments. Nearly all family offices indicated that estate planning, tax compliance, tax planning, legal services, insurance/risk management, and financial planning are provided. There has been a slight uptick in the number of family offices providing succession planning, family governance and concierge services. Depending on the office, these services may be outsourced or provided through a combination of outsourced and in-house resources.

Non-investment services provided

N=313

Figure 7

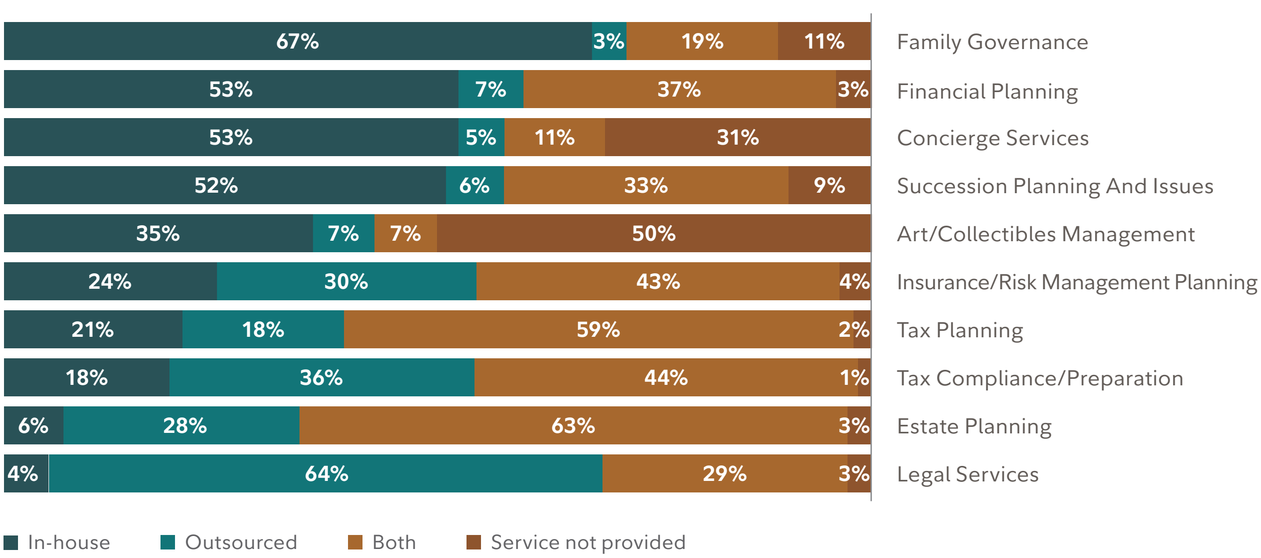
99% Tax Compliance/ Preparation	98% Tax Planning	97% Estate Planning	97% Legal Services	96% Insurance/Risk Management Planning
97% Financial Planning	91% Succession Planning And Issues	89% Family Governance	69% Concierge Services	50% Art/Collectibles Management

Use of in-house and other resources

Services typically provided in-house include family governance, financial planning, concierge services, and succession planning. Insurance/risk management planning, tax planning, tax preparation and compliance, and estate planning are provided through a combination of internal and external resources. Legal services typically are outsourced.

HOW INVESTMENT SERVICES ARE PROVIDED

Figure 8



Investment allocation

Public equities are the most prevalent investment type used by family offices, with family offices greater than $1 billion indicating the highest proportion of AUM invested at nearly 40%. Family offices also reported use of fixed income and private equity with a higher level of frequency. Real estate is another preferred investment vehicle, with 88% of offices reporting use.

While alternative investments have become increasingly popular with family offices, overall, the categories of hedge funds and venture capital still reflect the lowest investment categories as a percentage of allocated AUM. Family offices with less than $100 million have the highest proportion of AUM allocated to these investment categories.

This indicates that most family offices are looking for a balanced approach to their investing that targets diversified investment vehicles and steady rate of appreciation of their assets.

PERCENTAGE OF INVESTMENT TYPE USE BY SFO'S

Figure 9

N=288	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Private Equity	94%	100%	97%	92%	92%	87%
Real Estate	88%	88%	84%	86%	89%	89%
Hedge Funds	66%	81%	69%	62%	66%	41%
Venture Capital	61%	75%	66%	65%	53%	50%
Fixed Income/Cash	94%	94%	95%	100%	95%	87%
Public Equities	95%	95%	98%	100%	95%	85%

PERCENTAGE OF AUM ALLOCATED BY INVESTMENT TYPE

Figure 10

N=288	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Private Equity	19%	14%	21%	19%	19%	22%
Real Estate	19%	14%	17%	14%	23%	28%
Hedge Funds	13%	16%	13%	12%	13%	12%
Venture Capital	9%	7%	9%	9%	10%	11%
Fixed Income/Cash	20%	20%	21%	24%	19%	20%
Public Equities	34%	40%	31%	33%	32%	33%

Profile of executives reported

Data on the 491 executives was reported for the following four positions:

Figure 11

Chief Executive Officers	**(CEOs):**	**239**
Chief Investment Officers	**(CIOs):**	**82**
Chief Financial Officers	**(CFOs):**	**116**
Chief Operating Officers	**(COOs):**	**54**

323
FAMILY OFFICES REPORTING

491
EXECUTIVES

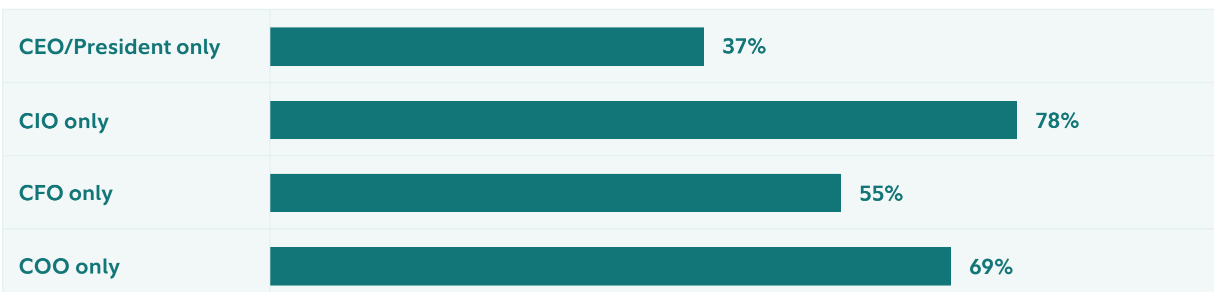
Roles of family office executives

Family office executives were matched to survey positions based on primary responsibilities, as job titles vary widely. Many family office executives hold multiple roles, and it is common for there to be a blending of roles.

CEOs are the most likely to wear multiple hats. CIOs tend to focus on the responsibilities of that position only.

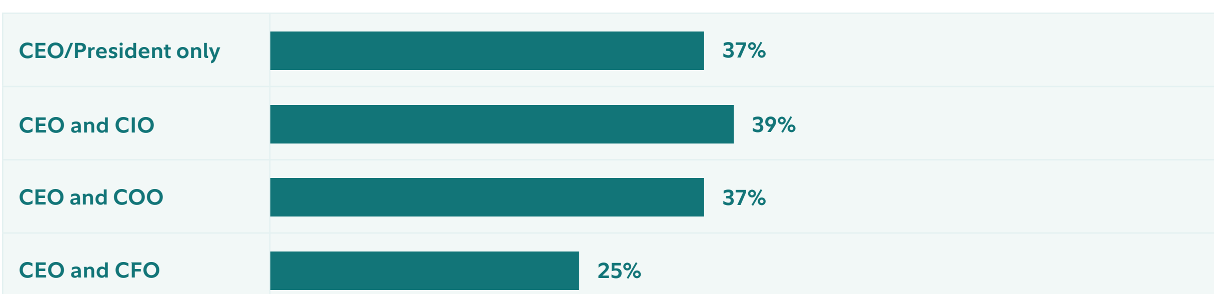
ROLES OF FAMILY OFFICE EXECUTIVES

Figure 12



PERCENTAGE OF CEOS PERFORMING ADDITIONAL ROLES

Figure 13



Family members in executive roles

As AUM and complexity increases, families are more likely to hire experienced non-family professionals, with family members' roles evolving to oversight and governance.

Overall, 27% of reported executives are family members. At 40%, CEO is the position most commonly held by a family member, while only 2%of CFO's were reported as family members.

Family member executives are most prevalent in smaller family offices; typically, those below $100 million in AUM. However, it is fairly common in any family office below $500 million in AUM for the CEO to be a family member.

FAMILY MEMBER EXECUTIVES

Figure 14

	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
CEO	41%	25%	36%	48%	49%	50%
CIO	16%	10%	12%	8%	25%	40%
CFO	3%	0%	0%	7%	0%	17%
COO	13%	0%	20%	0%	20%	14%

Non and low compensated family members

A fairly significant number of family member CEOs reported are either not compensated at all or receive significantly below-market compensation. Compensation data for this group of family member CEOs has been excluded from the compensation data analysis. Minimal exclusion of other family member executive roles was required.

There are several reasons that family members may have no or low compensation. For family member principals, compensation is not a tax-efficient way to access assets. Other family members may be compensated in other ways, including benefitting from increases in the investment portfolio.

Family member compensation differentials

Family member executives not receiving competitive compensation were excluded from the compensation analysis. CEO is the only role in which a comparison could be made; the percentage of family members in CIO, CFO and COO positions is too small to make an accurate comparison between family and non-family member executives.

Overall, family member CEOs make 25% less than non-family member CEOs. However, when compared by AUM categories, compensation is generally within +/- 10%.

Profile of executives

Data was collected on several different characteristics of executives in family office roles including gender, tenure, prior employment, and certifications. This data was analyzed to determine potential indicators of compensation differentials; however, results do not show any clear patterns or trends with regards to compensation.

Gender

Overall, one-third of reported family office executives are female and two-thirds are male. There are fewer females, as a percentage of the total respondents, in the CEO and CIO roles. However, the mix of male/female executives is closely balanced in the CFO and COO roles.

In all roles except COO, percentage of females in executive roles decreases significantly if they are family members.

PREVALENCE BY ROLE IN SFO EXECUTIVES BY AUM

Figure 15

	ALL		$1 BILLION OR MORE		$500 MILLION–$999 MILLION		$300 MILLION–$499 MILLION		$100 MILLION–$299 MILLION		LESS THAN $100 MILLION	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
CEO	74%	26%	62%	38%	83%	17%	84%	16%	79%	21%	65%	35%
CIO	82%	18%	89%	11%	75%	25%	92%	8%	84%	16%	50%	50%
CFO	58%	42%	65%	35%	41%	59%	57%	43%	61%	39%	67%	33%
COO	50%	50%	71%	29%	36%	64%	50%	50%	50%	50%	29%	71%

GENDER DIVERSITY COMPARISON FOR FAMILY MEMBERS AND NON-FAMILY MEMBERS

Figure 16

	FAMILY MEMBER		NON-FAMILY MEMBER	
	MALE	FEMALE	MALE	FEMALE
CEO	83%	17%	68%	32%
CIO	94%	6%	81%	19%
CFO	100%	0%	55%	45%
COO	43%	57%	47%	53%

Tenure and background

For non-family member executives, fewer than 40% have been with the family office for less than five years. CEOs and CFOs are most likely to have more than 15 years tenure with the family office.

Unsurprisingly, family members have overall longer tenure with the family office.

While compensation by tenure was analyzed, the data did not yield any clear patterns or trends. In some cases, long-tenured executives may be rewarded by the families for their service. However, newly hired executives often make more than their predecessors, as the family must pay prevailing compensation levels required of potential new candidates.

EXECUTIVE TENURE IN A ROLE

Figure 17

NON FAMILY MEMBER EXECUTIVES	MORE THAN 15 YEARS	11-15 YEARS	5-10 YEARS	LESS THAN 5 YEARS
CEO	24%	17%	22%	37%
CIO	19%	16%	32%	33%
CFO	23%	18%	29%	30%
COO	13%	15%	45%	28%

FAMILY MEMBER EXECUTIVE TENURE IN A ROLE

Figure 18

FAMILY MEMBER EXECUTIVES	MORE THAN 15 YEARS	11-15 YEARS	5-10 YEARS	LESS THAN 5 YEARS
CEO	42%	23%	25%	11%
CIO	10%	40%	40%	10%
CFO	67%	33%	0%	0%
COO	0%	40%	20%	40%

Prior employment

Executive backgrounds varied a bit more by position. For non-family member executives, it was most common for:

- CEO’s to be recruited from another family office
- CIO’s to be recruited from an investment firm
- CFO’s to be recruited from an accounting firm
- COO’s to be recruited from an investment firm

COO’s were the most diverse in their potential background, having a good dispersion of experiences across investments, accounting, family offices, or the family’s operating company. This also indicates the least consistency in how this role is used across family offices.

PRIOR EMPLOYMENT - NON FAMILY MEMBER EXECUTIVES

Figure 19

NON FAMILY MEMBER EXECUTIVES	INVESTMENT FIRM	ACCOUNTING FIRM	ANOTHER FAMILY OFFICE	LAW FIRM	PROMOTED WITHIN FAMILY OFFICE	OTHER	FAMILY'S OPERATING COMPANY	OTHER OPERATING COMPANY	CONSULTING FIRM
CEO	16%	14%	30%	10%	3%	10%	5%	9%	3%
CIO	51%	5%	17%	0%	5%	9%	5%	5%	5%
CFO	5%	29%	22%	2%	5%	16%	11%	8%	2%
COO	21%	11%	17%	2%	11%	11%	13%	11%	4%

PRIOR EMPLOYMENT - FAMILY MEMBER EXECUTIVES

Figure 20

NON FAMILY MEMBER EXECUTIVES	INVESTMENT FIRM	ACCOUNTING FIRM	ANOTHER FAMILY OFFICE	LAW FIRM	PROMOTED WITHIN FAMILY OFFICE	OTHER	FAMILY'S OPERATING COMPANY	OTHER OPERATING COMPANY	CONSULTING FIRM
CEO	27%	2%	2%	6%	6%	13%	31%	10%	4%
CIO	44%	0%	0%	0%	11%	33%	11%	0%	0%
CFO	0%	0%	0%	0%	33%	0%	67%	0%	0%
COO	20%	0%	0%	0%	0%	20%	40%	20%	0%

Certifications

Executive education and certification background also was gathered, though, as with tenure and prior employment, there were no identifiable compensation trends It was also fairly common for CEO's and COO's to have either an CPA, an MBA, or both.

86%
OF CFO'S ARE CPA'S

81%
OF CIO'S HAVE AN MBA

EDUCATION AND CERTIFICATIONS

Figure 21

	CFP	CFA	CPA	JD	LLM	MBA
CEO	15%	9%	44%	26%	2%	45%
CIO	12%	42%	17%	2%	0%	81%
CFO	13%	9%	86%	5%	3%	32%
COO	11%	9%	46%	11%	0%	46%

Compensation practices

Compensation practices

2019 salary increases

Consistent with the 2017/2018 report, nearly 80% of family offices provided salary increases in the previous 12 months. Overall, 39% of SFOs awarded salary increases between 2% and 3.9% for 2019, consistent with the U.S. average of 3.2%.*

40%

More than 40% of family offices report salary increases greater than 4%, which outpaces the national average.

55%

In family offices with more than $1 billion in AUM, 55% granted salary increases higher than 4%.

Family offices will need to keep pace – not just with overall changes in the US market, but with each other – to not fall behind in base salary practices.

2019 SALARY INCREASES

Figure 22

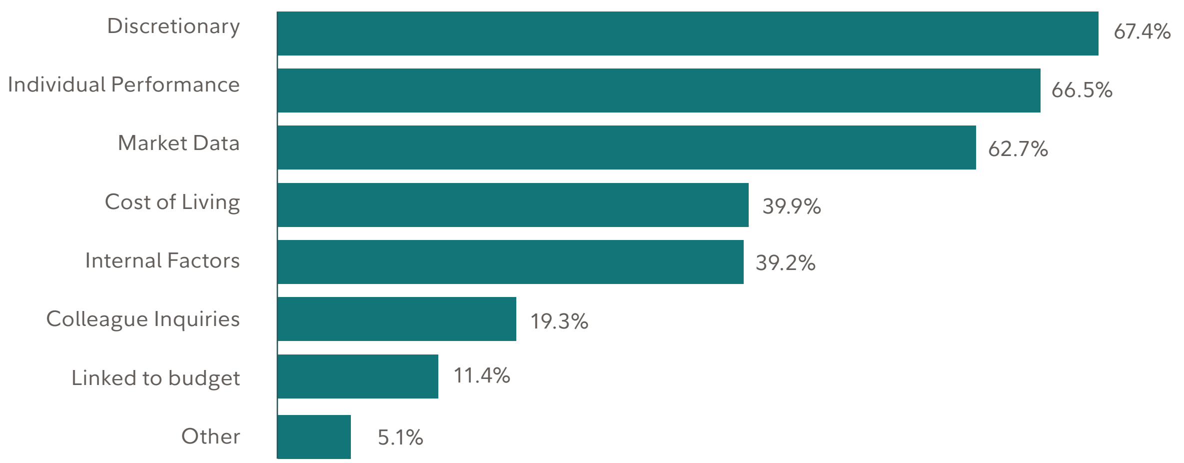
2019 SALARY INCREASES N=316	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Increases have not yet been granted in previous 12 months	18.7%	7.7%	7.9%	25.6%	20.9%	40.0%
Less than 2%	4.4%	2.6%	6.3%	5.1%	3.5%	6.0%
2%–3.99%	33.5%	34.6%	44.4%	35.9%	30.2%	22.0%
4%–5.99%	26.3%	34.6%	27.0%	20.5%	27.9%	14.0%
6%–9.99%	11.1%	15.4%	9.5%	5.1%	9.3%	14.0%
10% or more	6.0%	5.1%	4.8%	7.7%	8.1%	4.0%

* https://www.investopedia.com/articles/personal-finance/090415/salary-secrets-what-considered-big-raise.asp

Drivers of salary increases

Family offices report using a combination of factors to inform salary increase decisions. The most prevalent factors cited include discretionary factors, market data, and individual performance. Notably, family offices increased use of market data sources from 34% reported in the inaugural 2015 survey to 52% in 2017, and to 67% in 2019. We expect family offices will continue to seek and to incorporate more of these resources in shaping such critical compensation decisions.

Figure 23



Annual incentive prevalence

The use of annual incentives for executives in family offices has been very consistent since the first survey conducted in 2015, hovering at 80% of family offices providing annual incentives.

The use of annual incentives is consistently higher in firms with AUM of $1 billion or more; and in 2019, consistent with family offices between $500 and $999 million. This aligns with other survey data which indicates that the more in AUM, which typically corresponds to a greater number of employees, the more likely a family office is to adopt more structured compensation processes with less variability in timing and awarding of incentives.

2018 BONUSES

Figure 24

N=315	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Bonus paid for 2018	80.3%	89.6%	88.9%	72.5%	75.6%	69.4%

Overall, 42% of family offices report incentives paid in 2019 for 2018 performance as comparable to the prior year's awards. However, nearly 30% report incentive awards higher than the prior year's awards and nearly 40% of family offices with more than $1 billion AUM. This indicates that family offices are awarding higher bonuses as a result of meeting or exceeding goals and objectives for the year, or family offices have increased incentive award opportunities in order to be competitive.

2019 INCENTIVES VS. 2018 INCENTIVES

Figure 25

2019 INCENTIVES VS. 2018 INCENTIVES	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Comparable	41.8%	41.0%	50.8%	32.5%	38.8%	44.0%
Higher	28.5%	38.5%	30.2%	22.5%	25.9%	20.0%
Lower	11.1%	7.7%	12.7%	12.5%	12.9%	10.0%
N/A	18.7%	12.8%	6.3%	32.5%	22.4%	26.0%

Annual incentive structures

While the use of discretionary-only bonuses remains high, it has decreased from nearly 60% in 2017 to 53.5% in 2019. There is an increase reported in family offices using a mix of structured incentives with some discretion. Families can better drive performance outcomes with a more defined structure in place vs. using only discretionary bonuses.

TYPES OF ANNUAL INCENTIVES

Figure 26

TYPES OF ANNUAL INCENTIVES N=301	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Discretionary Bonuses	53.5%	41.3%	54.8%	62.2%	58.0%	56.5%
Formalized Incentive Plan	10.0%	18.7%	6.5%	2.7%	8.6%	8.7%
A Mix of Both	36.5%	40.0%	38.7%	35.1%	33.3%	34.8%

Methods for determining annual incentives

Most family offices award annual bonuses. However, fewer than 50% of family offices report alignment with best practices in using a formalized plan or a mix of discretionary decision-making and a formalized plan.

The typical practice in family offices has been to award bonuses, primarily on a discretionary basis. However, as the industry matures, compensation arrangements for executives are becoming more sophisticated and practices more formalized. Using a more structured incentive plan, versus providing discretionary bonuses, is an opportunity for family offices to use compensation dollars to drive target performance and to improve alignment between the family and family office's strategy. Use of discretionary bonuses is a missed opportunity for goal and performance alignment.

Use of formalized plans is more prevalent for executives than staff, reflecting the use of firm-level performance metrics by which executives often are measured. Where discretionary bonuses are usually determined at the end of a performance period, more formalized or structured plans will define certain criteria at the beginning of the performance period. This can include:

- **Participation:** Establishes which positions or individuals will participate in an incentive plan.
- **Incentive opportunity:** Often defined as a percentage of base salary.
- **Performance criteria:** Outlines which performance categories will be considered for earning. an incentive
- **Performance targets:** Establishes performance expectations, potentially at threshold, target or maximum defined performance and payout levels. Typically incorporates key financial metrics such as investment returns vs. key benchmarks but may also include more qualitative measures. The mix of quantitative vs. qualitative metrics, as well as which financial metrics are used, is established to align with the family's strategic direction, varying substantially between family offices.
- **Performance period:** Defines the performance period that will be assessed (typically aligned with calendar year, but not in all cases), and the expected timing of payouts—often dependent upon the timing of investment or other year-end financial results.

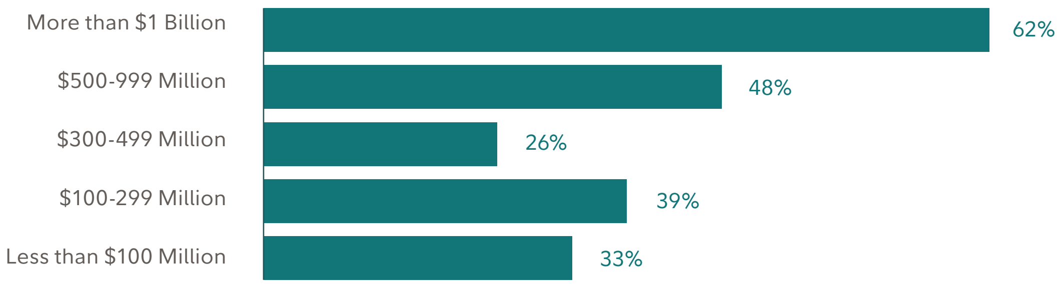
Long-term incentive plan prevalence

The use of long-term incentive (LTI) plans has been another growing trend in recent years. As the industry matures, compensation arrangements and practices for executives are becoming more formalized and more sophisticated.

Overall, 44% of family offices reported the use of LTI plans. While this is slightly lower than the 51% reported in the 2017/2018 survey, it should not be interpreted that fewer family offices are implementing LTI plans. There is a different mix of family office participants in the survey, which has impacted the overall results.

USE OF LTI PLANS BY AUM

Figure 27



LTI PLAN TYPES

Figure 28

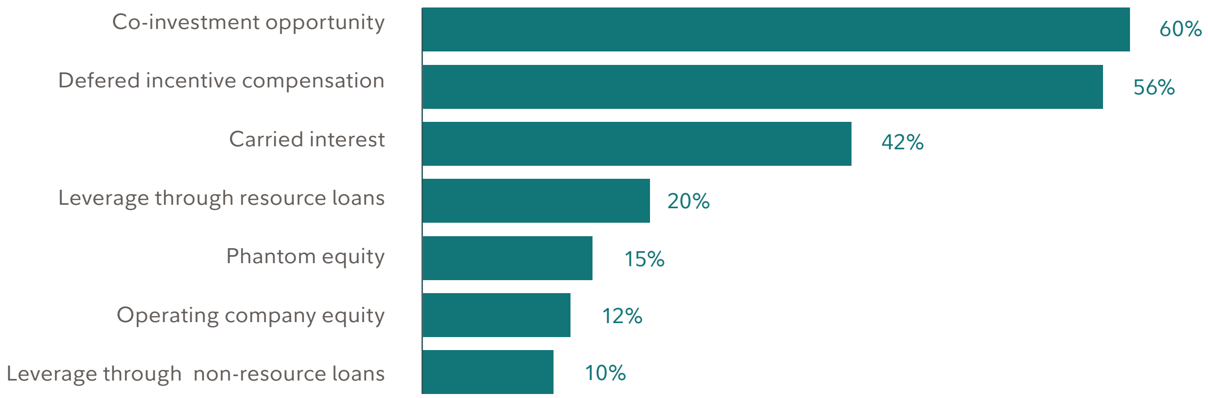
LTI PLAN	DESCRIPTION
Co-Investment Opportunity	Allows participants to make a minority investment alongside the family into investment vehicles to which the participants would not normally have access.
Deferred Bonus/Incentive Compensation	Incentive compensation opportunity that is based on longer-term performance and typically visits over time and pays out in the future.
Carried Interest	Provides participants with a share of investment profits in excess of a specifed return, typically in alternative investments such as private equity or hedge funds.
Leverage	The use of borrowed capital to increase the potential return of a co-investment. Leverage provided from the firm will typically be a resource loan, which means the loan must be paid-back. In rarer circumstances, the loan may be structured as non-recourse, in which the loan is not required to be repaid but collateral may be required.
Phantom Equity	Provides participants some of the benefits of stock ownership without actually giving them any company stock, sometimes referred to as shadow stock.
Operating Company Equity	Stock awards or other company ownership.

Co-investment opportunity continues to be the most prevalent form of LTI plan used by family offices, followed by deferred bonus/incentive compensation and carried interest.

The use of co-investment and carried interest are a reflection of the growth of direct investment teams within family offices.

LTI PLAN PREVALENCE BY TYPE

Figure 29



Long-term incentive prevalence by AUM

Co-investment opportunity and carried interest use is fairly consistent across all AUM levels. The use of deferred bonus/incentive compensation is considerably lower in family offices less than $100 million.

PREVALANCE BY AUM

Figure 30

	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Co-investment opportunity	60%	56%	54%	70%	66%	67%
Deferred incentive compensation	56%	65%	61%	70%	52%	20%
Carried Interest	42%	40%	39%	50%	48%	33%
Leverage through recourse loans	20%	21%	14%	30%	24%	13%
Phantom equity	15%	17%	14%	0%	21%	13%
Operating company equity	12%	13%	7%	10%	10%	27%
Leverage through non-recourse loans	10%	6%	14%	0%	14%	13%

LTI plan vesting

The use of vesting provisions is a common practice and is especially recommended with LTI plans as a retention mechanism.

In family offices offering long-term incentive compensation, most incorporate three- to five-year vesting provisions. However, there are some firms reporting that no vesting provisions exist. Vesting provisions are an important tool for retaining talent, and can also be seen as an opportunity to align compensation programs with the long-term goals of the family office.

VESTING PROVISIONS BY LTI VEHICLE

Figure 31

	NO VESTING	< 3 YEARS	3-5 YEARS	> 5 YEARS
Deferred incentive compensation	17%	11%	56%	15%
Carried interest	31%	10%	45%	14%
Leverage through recourse loans	65%	9%	26%	0%
Operating company equity	33%	13%	40%	13%
Phantom Equity	10%	10%	70%	10%
Leverage through non-recourse loans	36%	9%	55%	0%

Co-investment plans will not typically have vesting requirements.

Geographic differentials

Across all industries, compensation levels of most U.S. cities fall within 5% of the national average. That said, the market for executives is considered to be a more national market with a national labor pool. There are some locations where premiums are typical, which may reflect (though not directly align with) an increased cost of living.

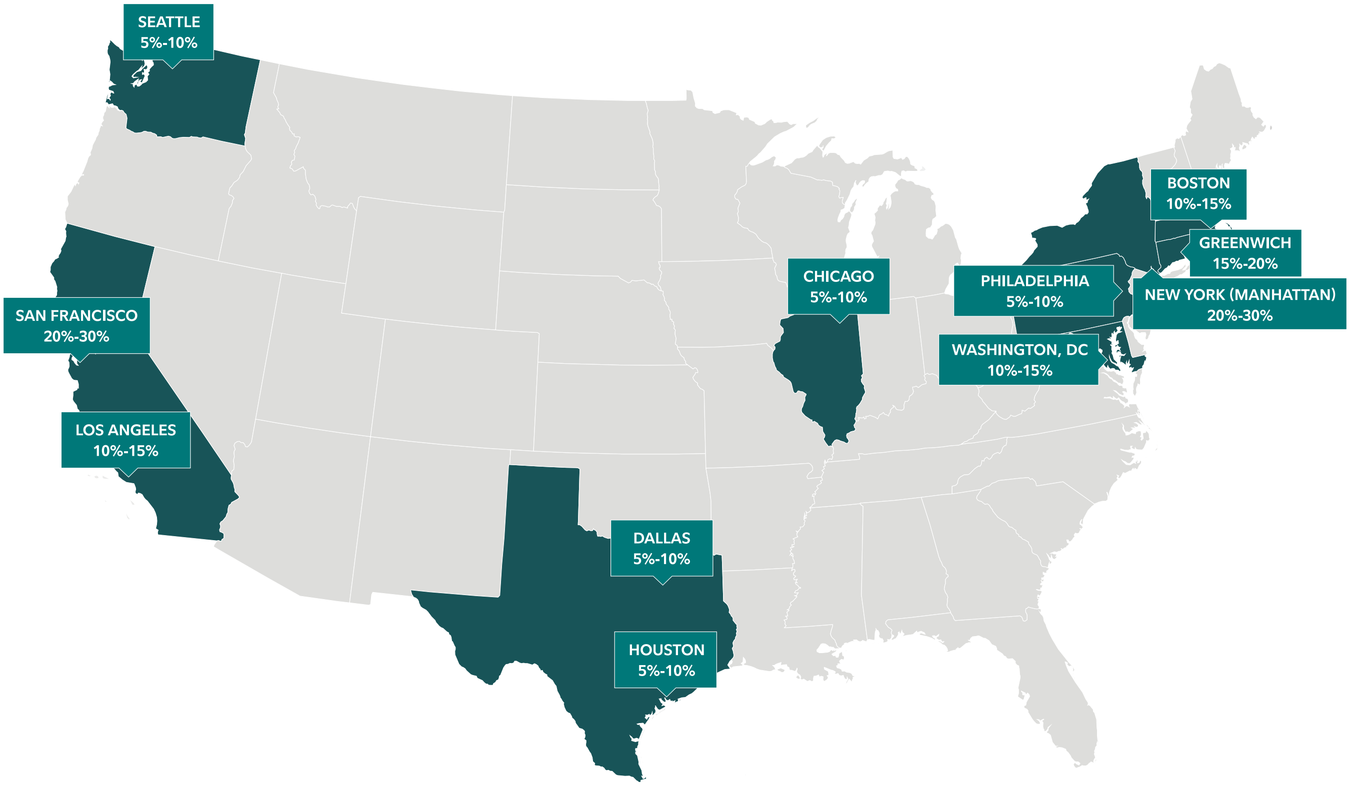
Broader compensation data for positions in investment and professional services firms was compared at a national level versus key cities represented in this survey to determine representative geographic differentials.* Premiums are not consistent from city to city, so it’s important to understand practices within a local market.

These premiums, representing cities and their greater metropolitan areas, are presented to assist family offices in determining how the survey data, which is presented at a national level, can be interpreted for various locations. This is not an exhaustive report of all U.S. cities, rather it is based on the locations of survey participants. Participant locations with variances of more than 5% of from the national average are presented.

*ERI, Economic Research Institute, Inc

GEOGRAPHIC COMPENSATION DIFFERENTIALS

Figure 32



Employment and benefit practices

Employment practices

Employment agreements

Employment agreements are used to outline the obligations and expectations of the family office and the executive, along with details about the structure of the compensation package. The use of employment agreements is considered a best practice, and a way to minimize potential future disputes.

The use of employment agreements in family offices has generally lagged behind broader US practices. Furthermore, employment agreements are more likely to be used for non-family member executives than family members. Among family members, prevalence is highest for family member CEOs. With non-family member executives, the use is fairly consistent across all AUM levels and positions.

EMPLOYMENT AGREEMENT USE- NON-FAMILY MEMBER EXECUTIVES

Figure 33

	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
CEO	35%	39%	16%	33%	52%	29%
CIO	29%	28%	32%	27%	33%	0%
CFO	29%	24%	36%	23%	30%	40%
COO	33%	18%	58%	0%	25%	50%

EMPLOYMENT AGREEMENT USE- FAMILY MEMBER EXECUTIVES

Figure 34

	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
CEO	28%	13%	33%	30%	21%	50%
CIO	10%	50%	0%	0%	0%	0%
CFO*	N/A	N/A	N/A	N/A	N/A	N/A
COO*	N/A	N/A	N/A	N/A	N/A	N/A

**insufficient family member data to report for CFO and CIO*

Employment agreement provisions most prevalent in family offices include: *

- Employment arrangements: this will define the job title and responsibilities, terms of the agreement, and timing of renewals or extensions of the agreement.
- Compensation arrangements: this will address starting salary, but also timing of potential salary increases, use of a signing bonus, annual incentive compensation, long-term incentive compensation, and situations where compensation could potentially be decreased.
- Executive benefits: a core set of health and welfare benefits is typically offered to all employees and not defined in detail in an employment agreement, but executive benefits, such as supplemental life insurance, supplemental disability insurance or car allowance, will often be defined in an employment agreement.
- Termination and severance provisions: an important element of employment agreements is to proactively define the different types of termination that could occur, when a termination would be considered "for cause" or "not for cause," and what impact each has on all elements of compensation and benefits. Additionally, it is important to define severance provisions up front, and how that might be impacted by different termination scenarios, including as a result of retirement, death, or disability.
- Non-competition/non-solicitation: used to create a covenant not to compete after termination of employment, or place limitations on soliciting employees, for a set amount of time. Additional considerations include enforceability and state laws that may supersede the provisions of the agreement.
- Confidentiality restrictions: may be addressed by a separate confidentiality agreement, but is a common element in employment agreements regarding compensation arrangement and non-disclosure of family information.
- Other provisions commonly found in the employment agreements of public company executives that would less likely be used by family offices include golden parachute provisions, directors and officers (D&O) insurance, and incorporation of change-of-control provisions.

**Based on research by Botoff Consulting.*

Benefit practices

280 family offices reported on use and prevalence of benefits and perquisites.

The use of executive level benefits and perquisites is less prevalent in family offices when compared to other industries. However, family offices are often more generous with providing core benefits than is typical in the US market. For example, while most operating companies only pay a portion of the cost of health insurance, requiring employees to pay the remainder, it is typical in family offices that health insurance is provided with no cost-sharing to employees.

Supplemental life insurance, supplemental disability insurance, and supplemental executive retirement plans (SERP) are the most common executive benefits provided by family offices, as these are typically used to "make-whole" executives' coverage resulting from gaps in core benefit maximums.

PREVALENCE OF EXECUTIVE BENEFITS BY AUM

Figure 35

EXECUTIVE BENEFITS AND PERQUISITES	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Supplemental Life	24%	40%	20%	19%	19%	20%
Supplemental Disability	16%	34%	18%	11%	9%	7%
SERP	12%	21%	20%	3%	6%	9%
Auto/Auto Allowance	10%	16%	9%	8%	8%	7%
Club Membership	9%	15%	4%	14%	8%	4%
Use of Family's Private Aircraft	3%	5%	0%	3%	4%	4%

PREVALENCE OF INSURANCE BENEFITS BY AUM

Overall, medical, dental, and vision benefits follow national prevalence rates. Both disability and life insurance prevalence are lower than expected and fall below national prevalence rates.

Figure 36

INSURANCE BENEFITS	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Medical	92%	100%	96%	86%	85%	91%
Dental Insurance	81%	98%	91%	65%	68%	80%
Vision Insurance	64%	81%	68%	49%	59%	54%
Disability	63%	84%	70%	51%	54%	48%
Life	57%	81%	55%	57%	51%	39%

PREVALENCE OF FAMILY BENEFITS BY AUM

Paid family leave is a growing benefit across all industries, including family offices. Various benefit surveys indicate that between 30% - 40% of companies provide some form of paid maternity leave and 20% - 25% provide some form of paid paternity leave. The family office space is ahead of these national trends overall, indicating the early adoption of trending corporate benefit practices.

Figure 37

FAMILY BENEFITS	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Maternity	49%	68%	48%	49%	42%	35%
Paternity	34%	55%	36%	27%	23%	26%
Adoption	8%	19%	5%	0%	5%	4%
Fertility	4%	11%	2%	0%	3%	0%

PREVALENCE OF PAID TIME OFF (PTO) BY AUM

The use of a combined PTO bank has become a more standardized practice for providing employees paid time off in the US. However, family offices are still predominantly using a combination of vacation and sick time.

Figure 38

PAID TIME OFF	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Holiday	88%	94%	96%	86%	80%	85%
Vacation	73%	74%	73%	68%	75%	70%
Sick	64%	65%	63%	70%	66%	54%
PTO	59%	63%	68%	59%	54%	52%

PREVALENCE OF QUALITFIED RETIREMENT PLAN BY AUM

Nationally, data indicates that between 90%-95% of US companies provide employees with a 401(k) plan to help save for retirement. Interestingly, data from this survey indicates that family offices are falling well behind national data across almost all AUM levels. There is no clear indication as to why family offices are not providing some form of qualified retirement plan for employees. Family offices are often generous and above market with the level of benefits provided, and the below-market provision of 401(k) plans is an anomaly.

Figure 39

QUALIFIED RETIREMENT PLAN	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
401(k)	79%	90%	88%	78%	67%	72%

PREVALENCE OF OTHER BENEFITS BY AUM

Family offices offer an array of other benefits, including work/life balance – which is an intrinsic benefit cited by some employees as one of the main reasons they enjoy working in the family office space.

Figure 40

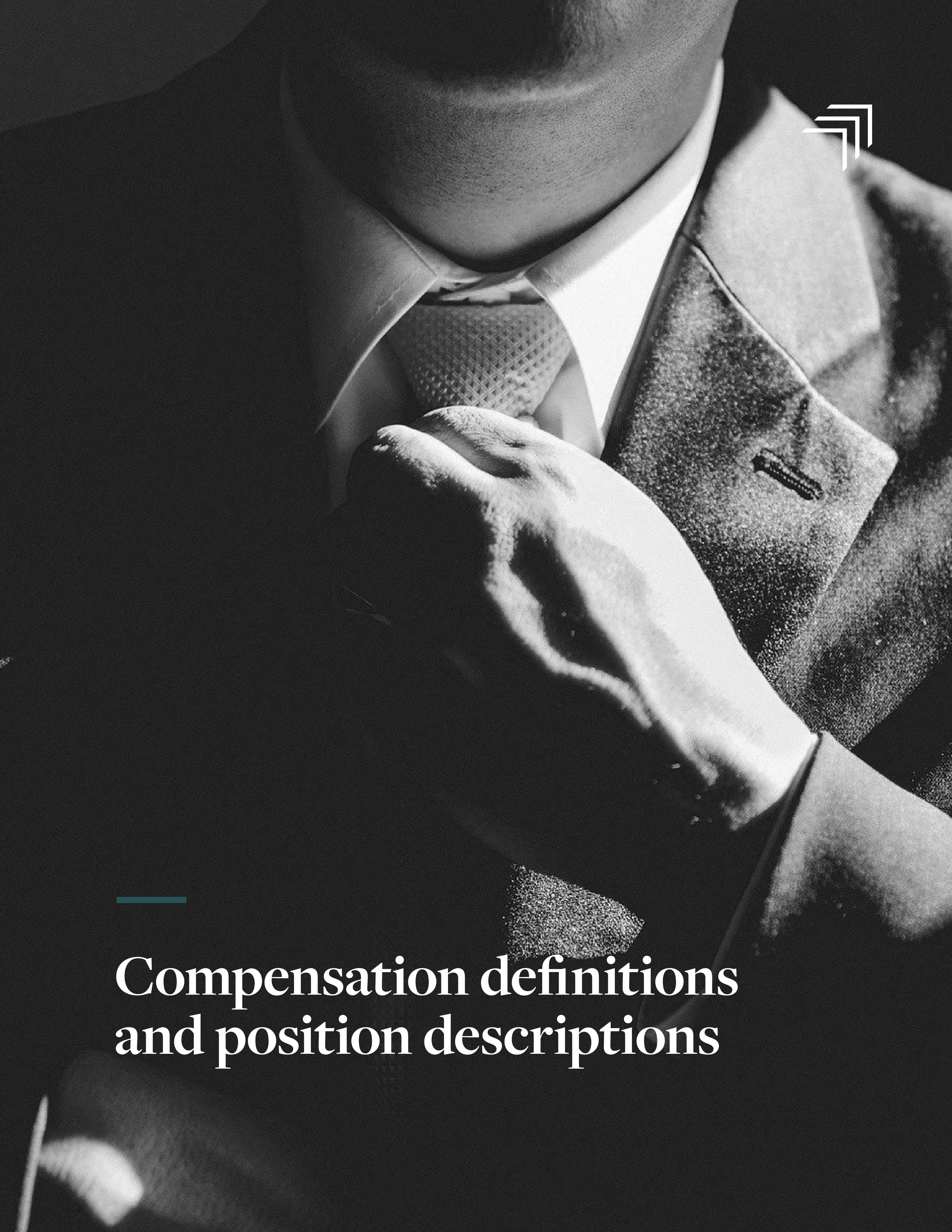
OTHER BENEFITS	ALL	$1 BILLION OR MORE	$500 MILLION–$999 MILLION	$300 MILLION–$499 MILLION	$100 MILLION–$299 MILLION	LESS THAN $100 MILLION
Work/Life	50%	48%	39%	43%	57%	59%
Professional Education	48%	60%	39%	43%	52%	37%
Tuition	27%	52%	20%	19%	20%	20%
Commute	26%	37%	16%	19%	30%	22%
Pet Insurance	2%	5%	0%	0%	1%	2%

Actions to consider

The 2019 SFO Executive Compensation Study presents a level of executive compensation data specific to single family offices that was previously unavailable. While every family office has unique dynamics, this comprehensive look at the landscape enables family offices to better benchmark their organization. It is a key tool family offices can use to plan for changes and to help ensure the competitiveness of their compensation practices. This can help with not only attracting new talent, but also retaining current top performers who are expensive and difficult to replace.

To put insights from this report into practice, family offices should consider:

- Reviewing all positions at the family offices to assess competitiveness of overall and individual-level compensation and benefit practices.
- Incorporating the use of employment agreements, especially with executive-level positions, to define both employment and termination provisions and mitigate the risk of future disputes.
- Ensuring that annual salary increases are competitive, not only with the U.S. market, but also with those of other family offices that are outpacing the national average.
- Transitioning from the use of discretionary bonuses to a more structured annual incentive plan to better drive performance of executives and create alignment with the family and family office strategy.
- Incorporating vesting provisions into all long-term incentive plans to better serve as a retention mechanism and protect the family office from payouts related to performance gains occurring after separation from service.
- Implementing high-impact, low-cost executive-level benefits, including supplemental life insurance, supplemental disability insurance, and nonqualified deferred compensation plans, as well as unique, low-cost benefits for the entire staff.



Compensation definitions and position descriptions

Explanation of data

This section provides some qualifying explanations of the data presented and what the calculations represent.

ANNUAL INCENTIVE: This is the annual incentive or bonus paid to employees, typically for the prior year's performance.

ANNUAL INCENTIVE ACTUAL: Expressed as a percentage of base salary, this reflects actual practices for executives who received an annual incentive for the prior year's performance. Calculations exclude executives who did not receive an incentive payment for the prior year and would be reflected as 0%.

ANNUAL INCENTIVE TARGET: This is the defined opportunity level for annual bonus/incentive, expressed as a percentage of base salary for executives with an annual incentive target.

BASE SALARY: This is the annual fixed compensation paid to executives.

FAMILY OFFICE, FAMILY OFFICES: This refers to the 323 family offices that participated in the survey.

LONG-TERM INCENTIVE (LTI): This is the annualized value of a bonus payment awarded to an employee (usually an executive), which typically vests over a period of three to five years.

LTI ACTUAL: Expressed as a percentage of base salary, this reflects the annualized value of long-term incentive awards for executives who received a long-term incentive award. Calculations exclude executives who did not receive an incentive payment for the prior performance period and would be reflected as 0%.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP): This is a nonqualified retirement plan for key employees that provides benefits above and beyond those covered under other qualified retirement plans, e.g., 401(k) plans.

TOTAL CASH COMPENSATION: This is base salary plus the bonus paid for the prior year.

TOTAL DIRECT COMPENSATION: This is base salary plus annual bonus plus the annual value of LTI.

Position descriptions

CEO

As the most senior position responsible for strategy and overall direction of the family office, the CEO oversees management of the family office and staff and serves as the primary liaison with the family.

CIO

This executive-level position is responsible for the family's investment strategy, buys and sells, and the hiring of new managers. He or she sources potential strategic investment opportunities, understands and manages the portfolio of assets, devises strategies for growth, and manages all investment-related relationships. He or she also manages the internal investment team, which may be responsible for direct investing in private and/or public equities. The position may report to the CEO/president, family principal, or family office board.

CFO

This top financial position is responsible for formulating financial policy and plans. He or she provides overall direction for the tax, insurance, budget, credit, and treasury functions, and ensures that financial transactions, policies, and procedures meet the organization's short- and long-term objectives and regulatory body requirements. The position typically reports to the CEO/president, or may be the most senior family office position reporting to the family or board.

COO

This position directs, coordinates, and administers all aspects of the family office operations in compliance with established policies and strategy. He or she has responsibility for, or influences, the development of policies regarding operations, and may also have direct oversight of staff functions, such as legal, technology, and human resources. The position typically reports to the CEO/president.

Compensation detail by position

Chief Executive Officer

COMPENSATION FOR $1B OR MORE IN AUM

Figure 41

$1 BILLION OR MORE	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	49	$425,000	$500,000	$580,000	$690,900	$728,000	$1,260,000
Total Cash Compensation	49	$545,100	$610,400	$791,000	$1,074,100	$1,200,000	$2,260,000
Total Direct Compensation	49	$545,100	$613,400	$800,000	$1,161,400	$1,332,500	$2,402,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	34	17%	31%	50%	74%	77%	100%
Annual Incentive Actual— % of Base	41	14%	24%	48%	72%	73%	190%
Long-Term Incentive Actual— % of Base	9	9%	15%	46%	66%	67%	132%

COMPENSATION FOR $500 MILLION TO $999 MILLION IN AUM

Figure 42

$500 MILLION–$999 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	31	$265,000	$330,000	$365,000	$395,900	$475,000	$506,800
Total Cash Compensation	31	$390,000	$437,500	$630,200	$654,000	$733,700	$1,275,000
Total Direct Compensation	31	$390,000	$437,500	$649,800	$679,000	$800,000	$1,275,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	23	26%	40%	57%	101%	100%	297%
Annual Incentive Actual— % of Base	26	17%	26%	51%	86%	81%	295%
Long-Term Incentive Actual— % of Base	7	4%	5%	14%	32%	45%	74%

COMPENSATION FOR $300 MILLION TO $499 MILLION IN AUM

Figure 43

$300 MILLION–$499 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	25	$206,000	$250,000	$364,000	$368,800	$453,200	$518,000
Total Cash Compensation	25	$221,000	$300,000	$400,000	$429,300	$540,000	$704,000
Total Direct Compensation	25	$221,000	$300,000	$400,000	$441,300	$540,000	$746,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	10	9%	17%	45%	88%	80%	140%
Annual Incentive Actual— % of Base	12	12%	19%	35%	36%	50%	58%
Long-Term Incentive Actual— % of Base	1	—	—	—	—	—	—

Chief Executive Officer (continued)

COMPENSATION FOR $100 MILLION TO $299 MILLION IN AUM

Figure 44

$100 MILLION–$299 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	48	$200,000	$247,500	$300,000	$344,400	$381,300	$521,500
Total Cash Compensation	48	$230,000	$279,500	$367,500	$418,200	$525,000	$607,500
Total Direct Compensation	48	$230,000	$284,900	$383,000	$444,000	$542,500	$697,500
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	26	10%	20%	28%	75%	58%	92%
Annual Incentive Actual— % of Base	31	10%	17%	29%	35%	49%	67%
Long-Term Incentive Actual— % of Base	7	2%	7%	13%	64%	108%	149%

COMPENSATION FOR LESS THAN $100 MILLION IN AUM

Figure 45

LESS THAN $100 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	27	$169,000	$225,000	$280,000	$290,800	$323,500	$440,000
Total Cash Compensation	27	$171,000	$259,500	$325,000	$369,600	$400,000	$500,000
Total Direct Compensation	27	$171,000	$259,500	$325,000	$377,900	$425,600	$520,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	16	10%	17%	25%	33%	34%	80%
Annual Incentive Actual— % of Base	16	7%	16%	30%	42%	68%	92%
Long-Term Incentive Actual— % of Base	1	—	—	—	—	—	—

Chief Investment Officer

COMPENSATION FOR $1B OR MORE IN AUM

Figure 46

$1 BILLION OR MORE	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	20	$350,000	$398,400	$451,000	$672,200	$541,300	$1,070,000
Total Cash Compensation	20	$579,100	$680,100	$767,200	$958,900	$1,000,000	$1,346,600
Total Direct Compensation	20	$646,900	$712,500	$839,200	$1,007,100	$1,006,300	$1,407,500
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	15	30%	50%	70%	79%	103%	133%
Annual Incentive Actual— % of Base	17	32%	53%	73%	78%	100%	115%
Long-Term Incentive Actual— % of Base	7	14%	20%	24%	30%	32%	54%

COMPENSATION FOR $500 MILLION TO $999 MILLION IN AUM

Figure 47

$500 MILLION–$999 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	24	$250,000	$318,800	$392,500	$383,300	$442,500	$524,900
Total Cash Compensation	24	$365,000	$467,500	$500,000	$546,300	$620,000	$785,000
Total Direct Compensation	24	$403,600	$471,500	$517,800	$561,600	$643,800	$785,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	17	23%	33%	50%	97%	100%	232%
Annual Incentive Actual— % of Base	18	20%	34%	40%	89%	88%	195%
Long-Term Incentive Actual— % of Base	5	—	15%	27%	33%	50%	—

COMPENSATION FOR $300 MILLION TO $499 MILLION IN AUM

Figure 48

$300 MILLION–$499 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	12	$223,000	$268,800	$325,000	$340,100	$381,300	$400,000
Total Cash Compensation	12	$307,900	$343,800	$392,500	$454,200	$525,000	$690,000
Total Direct Compensation	12	$327,500	$376,300	$487,500	$573,100	$706,300	$765,500
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	8	17%	24%	40%	56%	93%	108%
Annual Incentive— Actual % of Base	10	10%	17%	29%	47%	72%	102%
Long-Term Incentive Actual— % of Base	3	—	—	162%	164%	—	—

Chief Investment Officer (continued)

COMPENSATION FOR $100 MILLION TO $299 MILLION IN AUM

Figure 49

$100 MILLION–$299 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	19	$190,000	$207,500	$250,000	$283,600	$312,500	$426,000
Total Cash Compensation	19	$227,300	$255,000	$325,000	$340,200	$377,500	$460,000
Total Direct Compensation	19	$227,300	$255,000	$325,000	$358,000	$385,000	$585,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	14	10%	13%	28%	47%	54%	100%
Annual Incentive Actual— % of Base	14	10%	13%	23%	37%	29%	87%
Long-Term Incentive Actual— % of Base	2	—	—	—	—	—	—

COMPENSATION FOR LESS THAN $100 MILLION IN AUM

Figure 50

LESS THAN $100 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	4	—	—	$215,000	$275,000	—	—
Total Cash Compensation	4	—	—	$227,500	$281,300	—	—
Total Direct Compensation	4	—	—	$227,500	$281,300	—	—
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target— % of Base	2	—	—	—	—	—	—
Annual Incentive Actual— % of Base	1	—	—	—	—	—	—
Long-Term Incentive Actual— % of Base	0	—	—	—	—	—	—

Chief Financial Officer

COMPENSATION FOR $1B OR MORE IN AUM

Figure 51

$1 BILLION OR MORE	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	35	$237,100	$264,900	$325,000	$360,200	$443,800	$500,300
Total Cash Compensation	35	$271,800	$350,000	$425,000	$519,200	$600,800	$764,200
Total Direct Compensation	35	$299,800	$350,000	$475,000	$539,200	$603,800	$814,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	20	10%	29%	42%	59%	68%	84%
Annual Incentive Actual—% of Base	27	7%	22%	42%	59%	62%	94%
Long-Term Incentive Actual—% of Base	8	7%	10%	22%	21%	34%	35%

COMPENSATION FOR $500 MILLION TO $999 MILLION IN AUM

Figure 52

$500 MILLION–$999 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	22	$185,400	$202,500	$270,000	$293,500	$318,000	$417,500
Total Cash Compensation	22	$265,000	$300,000	$399,900	$417,400	$523,800	$601,600
Total Direct Compensation	22	$265,000	$300,000	$402,900	$417,700	$523,800	$601,600
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	14	27%	30%	45%	78%	103%	189%
Annual Incentive Actual—% of Base	18	16%	23%	36%	65%	91%	189%
Long-Term Incentive Actual—% of Base	1	—	—	—	—	—	—

COMPENSATION FOR $300 MILLION TO $499 MILLION IN AUM

Figure 53

$300 MILLION–$499 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	14	$186,000	$222,500	$242,000	$250,600	$263,000	$317,500
Total Cash Compensation	14	$233,000	$256,400	$261,500	$295,000	$293,800	$418,500
Total Direct Compensation	14	$233,000	$256,400	$261,500	$295,000	$293,800	$418,500
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	8	5%	9%	28%	32%	50%	60%
Annual Incentive Actual—% of Base	10	6%	10%	19%	27%	39%	53%
Long-Term Incentive Actual—% of Base	0	—	—	—	—	—	—

Chief Financial Officer (continued)

COMPENSATION FOR $100 MILLION TO $299 MILLION IN AUM

Figure 54

$100 MILLION–$299 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	33	$141,000	$180,000	$217,000	$218,600	$250,000	$293,000
Total Cash Compensation	33	$160,000	$196,000	$250,000	$277,300	$305,000	$373,400
Total Direct Compensation	33	$160,000	$196,000	$252,800	$288,000	$305,000	$415,400
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	18	9%	14%	26%	34%	39%	75%
Annual Incentive Actual—% of Base	24	6%	14%	28%	33%	44%	59%
Long-Term Incentive Actual—% of Base	4	—	—	37%	32%	—	—

COMPENSATION FOR LESS THAN $100 MILLION IN AUM

Figure 55

LESS THAN $100 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	12	$142,300	$148,800	$195,000	$204,700	$242,500	$295,000
Total Cash Compensation	12	$152,000	$178,100	$225,000	$249,000	$300,000	$345,000
Total Direct Compensation	12	$152,000	$178,100	$225,000	$249,000	$300,000	$345,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	5	—	20%	25%	31%	50%	—
Annual Incentive Actual—% of Base	10	8%	12%	17%	25%	43%	51%
Long-Term Incentive Actual—% of Base	0	—	—	—	—	—	—

Chief Operating Officer

COMPENSATION FOR $1B OR MORE IN AUM

Figure 56

$1 BILLION OR MORE	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	17	$255,000	$330,400	$381,000	$564,800	$562,500	$1,108,400
Total Cash Compensation	17	$347,200	$394,300	$475,500	$725,400	$980,000	$1,450,400
Total Direct Compensation	17	$347,200	$394,300	$475,500	$733,300	$980,000	$1,450,400
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target — % of Base	9	19%	20%	35%	38%	45%	67%
Annual Incentive Actual— % of Base	12	14%	22%	34%	61%	55%	77%
Long-Term Incentive Actual— % of Base	2	—	—	—	—	—	—

COMPENSATION FOR $500 MILLION TO $999 MILLION IN AUM

Figure 57

$500 MILLION–$999 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	15	$200,000	$202,500	$262,500	$299,800	$328,100	$518,000
Total Cash Compensation	15	$257,000	$290,000	$312,500	$378,000	$502,500	$550,000
Total Direct Compensation	15	$257,000	$290,000	$312,500	$401,400	$540,000	$645,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target — % of Base	8	22%	36%	45%	51%	60%	93%
Annual Incentive Actual— % of Base	12	11%	19%	36%	40%	50%	86%
Long-Term Incentive Actual— % of Base	3	—	—	50%	45%	—	—

COMPENSATION FOR $300 MILLION TO $499 MILLION IN AUM

Figure 58

$300 MILLION–$499 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	2	—	—	—	—	—	—
Total Cash Compensation	2	—	—	—	—	—	—
Total Direct Compensation	2	—	—	—	—	—	—
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target — % of Base	1	—	—	—	—	—	—
Annual Incentive Actual— % of Base	1	—	—	—	—	—	—
Long-Term Incentive Actual— % of Base	1	—	—	—	—	—	—

Chief Operating Officer (continued)

COMPENSATION FOR $100 MILLION TO $299 MILLION IN AUM

Figure 59

$100 MILLION–$299 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	13	$150,000	$150,000	$200,000	$335,400	$239,200	$376,800
Total Cash Compensation	13	$177,000	$197,500	$221,000	$411,400	$478,000	$590,000
Total Direct Compensation	13	$180,800	$197,500	$221,000	$416,600	$531,900	$598,000
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	6	12%	14%	16%	18%	18%	26%
Annual Incentive Actual—% of Base	11	4%	9%	17%	45%	41%	68%
Long-Term Incentive Actual—% of Base	3	—	—	3%	8%	—	—

COMPENSATION FOR LESS THAN $100 MILLION IN AUM

Figure 60

LESS THAN $100 MILLION	# INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base Salary	7	$156,000	$161,100	$175,000	$181,200	$198,000	$213,600
Total Cash Compensation	7	$172,400	$188,600	$200,000	$213,300	$220,000	$265,400
Total Direct Compensation	7	$172,400	$188,600	$200,000	$213,300	$220,000	$265,400
INCENTIVE COMPENSATION — THOSE RECEIVING							
Annual Incentive Target—% of Base	3	—	—	13%	16%	—	—
Annual Incentive Actual—% of Base	5	—	13%	15%	24%	25%	—
Long-Term Incentive Actual—% of Base	0	—	—	—	—	—	—

FORGE Community LLC
Forgecommunity.com
info@forgecommunity.com

Botoff Consulting
Botoffconsulting.com
trish@botoffconsulting.com

For additional resources and insights, please contact info@forgecommunity.com

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