



# Single Family Office Executive Compensation

2021 SURVEY REPORT

## About the study

We, the Forge Community, published our first Single Family Office Executive Compensation Survey in 2015. At the time, our survey population was over five times larger than other surveys within the field. We were the first to introduce a survey that was large enough for the data to be accurate and actionable.

Single family offices are known for placing a premium on privacy and confidentiality, due to the ultra-high net worth families we support. Single family offices are also incredibly diverse.

Both factors make it challenging to get useful answers to these questions: "How do we recruit and retain top leadership talent?" and "How are firms like mine planning for the expense of executive benefits and compensation?"

**Today, Forge is an industry leader in executive compensation for single family offices.** The Forge 2021 Executive Compensation Report is the largest study of its kind, including data from 467 executives within 241 family offices.

Our study is an essential resource that you can use to benchmark your firm against other firms using factors such as firm size, assets under management (AUM), complexity, services provided, and more. This report is focused on the typical top four executive level positions involved in managing a family office including:

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

This study is led by Forge Community, the Forge Research Committee and McLagan.

Note: Not all survey participants responded to all questions. Certain areas and exhibits may have different executive totals.

---

### The Forge Community

The Forge Community is the fastest-growing peer-to-peer network of single family offices. More than 850 members utilize the Forge platform to access helpful tools, tailored content, and on-the-go networking. Beyond our technology platform, Forge also delivers vendor-free live events and industry-leading research. Our mission is to connect single family offices, their executives, and the families they serve by creating a trusted, noncommercial, and confidential community, which enables an efficient exchange of knowledge and resources.

---

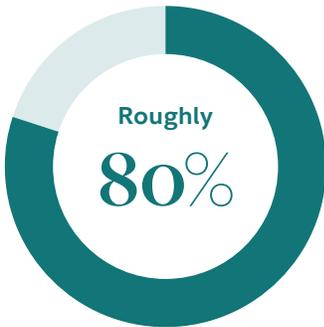
### McLagan – An Aon Company

McLagan was recommended by members of the Forge Community for their cutting-edge capabilities in data collection and analysis. McLagan provides annual compensation surveys and advisory services to a broad range of financial services firms, including over 100 single family offices. As a benefit to the Forge Community, McLagan has enriched this study with their own market-leading data to account for geographic differentials and provide helpful comparisons between the family office industry and other financial services industries, such as asset management.

## Key findings

# Over 80%

of participating family offices **provided salary increases** in a year in which COVID-19 created so much uncertainty.



of family offices provided annual incentives/bonuses with 85% of those offices paying out the same or more than the previous performance year.



of all participating offices have deferred/long-term incentive plans in addition to the annual incentive.



of all reported family office executives identified as women, suggesting that family offices are ahead of asset management firms in gender diversity.

CEOs that are embedded within the operating business (i.e., have dual roles) are **paid ~12% more** at median than CEOs at standalone family offices.

External or non-family member executives are **20% more likely** to have professional certifications than family member executives.



Public equities **make up the largest allocation of family office investment portfolios** (36%), although allocations to alternative investment strategies continue to grow.



CEOs at the most complex offices are paid **~ 45% more at median** than CEOs at less complex family offices.



Family office benefits generally **lag behind the asset management industry** with respect to PTO, insurance/medical coverage, and family benefits.

# Contents

---

<b>Profile of participating firms</b>	<b>2</b>
Location	
Firm structures	
Family office characteristics and complexity	
Self-rated complexity	
Services provided	
Investment allocation	

---

<b>Roles of family office executives</b>	<b>8</b>
Family members in executive roles	
Gender and ethnic diversity	
Tenure and background	
Education and certifications	

---

<b>Compensation practices and pay practices</b>	<b>12</b>
2020 salary increases	
What drives salary increases?	
Annual incentive prevalence	
Annual incentive structures	
Long-term incentive plan prevalence	
LTI plan vesting	
Geographic differentials	
Firm Characteristics - 90th Percentile of Highest Earning CEOs	
Family member compensation	

---

<b>Position descriptions</b>	<b>21</b>
------------------------------	-----------

---

<b>Compensation detail</b>	<b>23</b>
Chief Executive Officer	
Chief Investment Officer	
Chief Financial Officer	
Chief Operating Officer	
Miscellaneous	

---

<b>Employment practices and benefits</b>	<b>42</b>
Employment agreements	
Benefit practices	

---

<b>Explanation of data</b>	<b>46</b>
----------------------------	-----------



# Profile of participating firms



# Profile of participating firms

This year's survey includes data from 467 executives within 241 single family offices. The survey findings represent family offices with varying size, scope, and complexity. This large base of family office executives enhances the quality of the findings and allows us to make meaningful comparisons based on assets under management (AUM) and overall office complexity. The chart below also provides a breakout of families' total net-worth (NW)

Figure 1

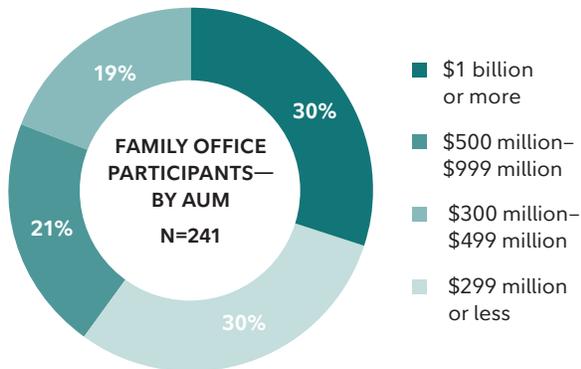
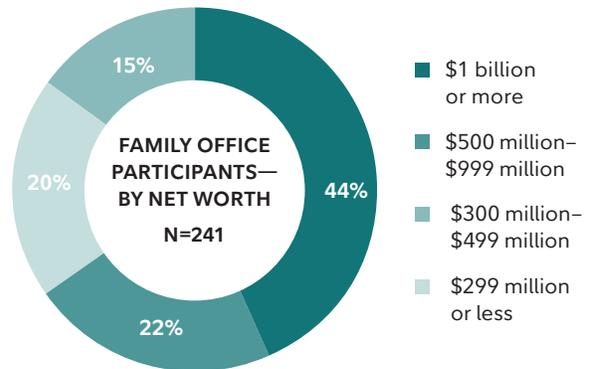


Figure 2



## Location

This year's survey is truly national, with 34 different states represented including offices located in both major-metro areas and smaller cities. As a percentage of all respondents, the regions that had the highest concentration of family offices include the Central/Midwest (26%) and the Northeast (20%).

467

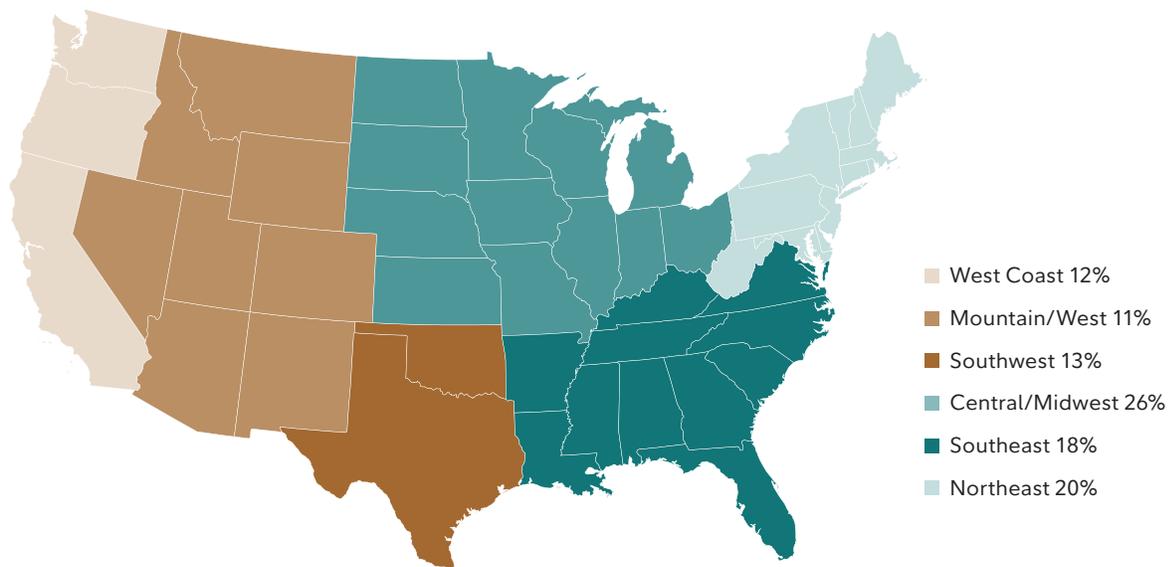
EXECUTIVES

241

FAMILY OFFICES

Figure 3

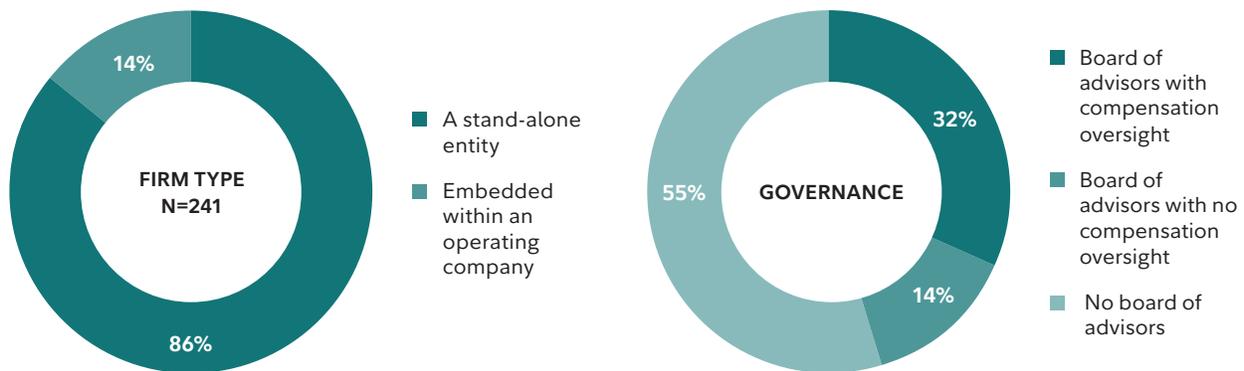
**FAMILY OFFICE PARTICIPANTS- BY GEOGRAPHY**



## Firm structures

Similar to the results of the [2019 Forge Single Family Office Executive Compensation Report](#), most of the responding family offices are standalone entities, with the balance embedded within an operating company. Nearly 46% of the participating offices have a board of advisors/directors, with one-third of these boards providing oversight of compensation governance.

Figure 4



## Family office characteristics and complexity

Not surprisingly, there is a high correlation between family office size (i.e., headcount) and scope (i.e., family members supported, product offering, etc.) and AUM. The largest family offices as measured by AUM (\$5B+) have nearly 14 times more staff on average than those offices with less than \$1 billion AUM. In addition, increased AUM often means more complex investment portfolios that combine both traditional and alternative investments.

Figure 5

FIRM CHARACTERISTICS	ALL	\$1 BILLION OR MORE	\$500 MILLION-\$999 MILLION	\$300 MILLION-\$499 MILLION	\$299 MILLION OR LESS
<b>N</b>	<b>239</b>	<b>70</b>	<b>51</b>	<b>45</b>	<b>73</b>
<b>Average Amount of in House Staff</b>	12	26	7	7	4
<b>Average Number of Family Members Supported</b>	24	40	26	14	13
<b>Average Ratio of Family to Staff</b>	4	3	4	3	5
<b>Average Number of Generations Supported</b>	3	4	3	3	2
<b>Average Complexity</b>	3	4	4	3	3
<b>Number of Services In-House (of 10)</b>	7	7	7	7	6
<b>Number of Services Outsourced (of 10)</b>	2	1	2	2	2
<b>Number of Executives</b>	2	2	2	2	2

### Self-rated complexity\*

The participating family offices were asked to rate their overall complexity (1-5); the low end of the scale being less complex and the upper end of the scale being highly complex. The average self-reported complexity score increases with AUM, as would be expected.

Figure 6

COMPLEXITY (1-5)	ALL	\$1 BILLION OR MORE	\$500 MILLION-\$999 MILLION	\$300 MILLION-\$499 MILLION	\$299 MILLION OR LESS
N	241	72	51	45	73
Self rated complexity	3.4	3.8	3.6	3.3	2.8

We have compared the participant's self-ratings against office characteristics to create a general profile of "less complex", "moderately complex", and "most complex" offices.

Figure 7

CHARACTERISTICS	ALL	LEAST COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
N	239	46	85	108
Assets under management	\$1 billion or more	\$100 million to \$299 million	\$1 billion or more	\$1 billion or more
Average amount of in-house staff	12	4	8	18
Average number of family members supported	10	4	8	14
Average ratio of family to staff	4	4	4	3
Average number of generations supported	3	2	3	3
Number of services in-house (of 10)	7	6	7	8
Number of services outsourced (of 10)	2	3	2	2
Number of executives	2	2	2	2

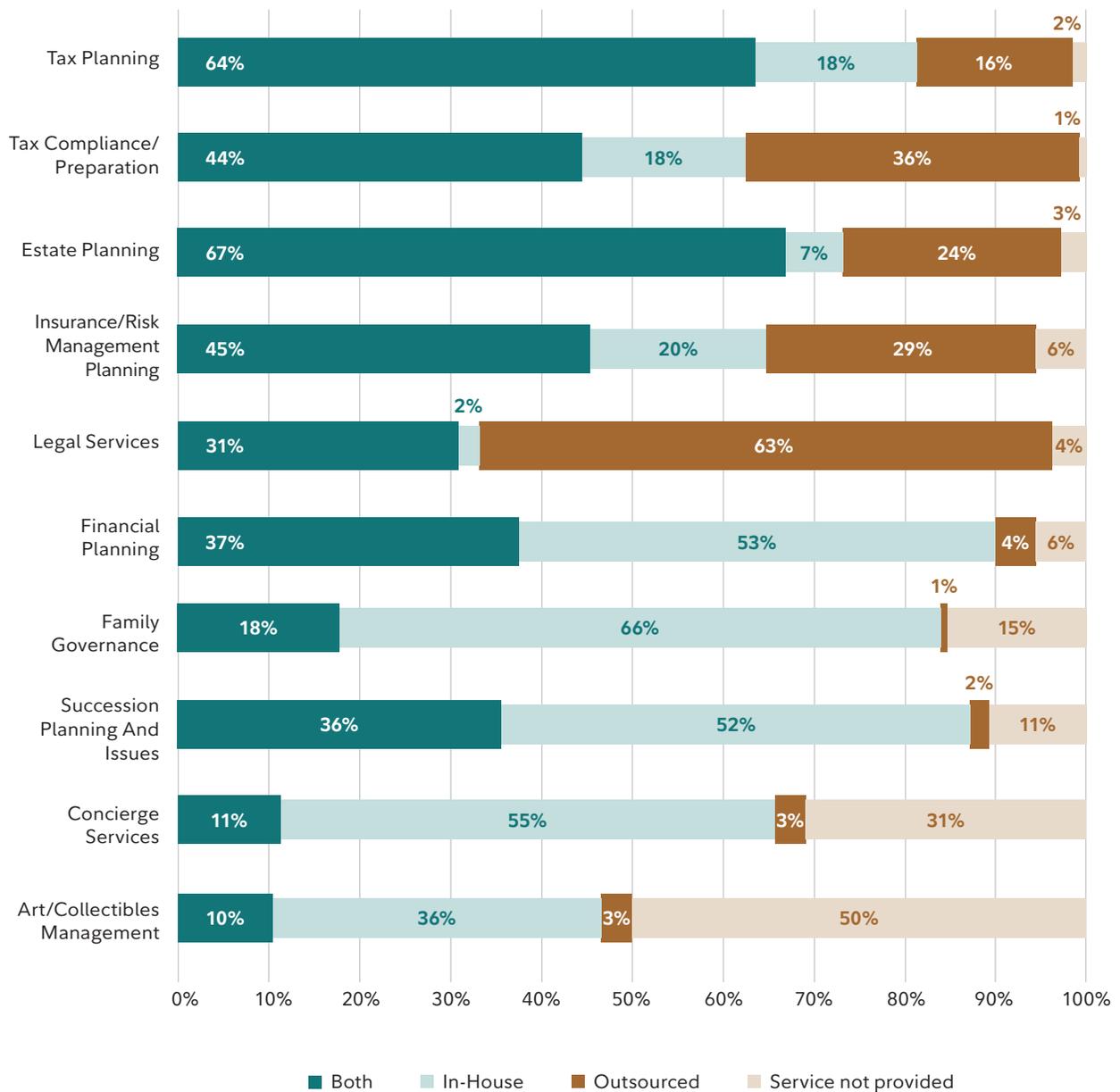
\*Scores are based on family office responses to this survey question: "Please rate the complexity of your family office with a 1 being the least complex and a 5 being the most complex. Please note that this is a judgement call based on how complex you believe your family office is based upon the complexity of investments, size of the family, and sophistication of estate and tax planning issues."

## Services provided

Family offices vary in scope and require a range of services in addition to the management of investments, depending on the family's needs and unique situations. Tax-related services are most prevalent with over 80% of offices offering these services. However, financial planning and family governance are most reported as being offered in-house rather than through outsourced providers. Legal services are most often outsourced.

Figure 8

### NON-INVESTMENT RELATED SERVICES



## Investment allocation

Public equity and fixed income investments make up the largest allocations of family office portfolios. Meanwhile, alternative investment strategies (e.g., PE, VC, Real Estate and Hedge Funds) continue to gain momentum as offices look to diversify their portfolios and seek returns that are uncorrelated to the market. This is especially evident within highly complex offices.

Figure 9

### PORTFOLIO MIX – PREVALENCE OF STRATEGIES

N-241

INVESTMENT STRATEGY	PRIVATE EQUITY	REAL ESTATE	HEDGE FUND	VENTURE CAPITAL	FIXED INCOME/ CASH	PUBLIC EQUITIES
All	92%	90%	61%	60%	92%	93%
\$1 billion or more	92%	89%	69%	65%	86%	90%
\$500 million to \$999 million	94%	90%	67%	63%	96%	98%
\$300 million to \$499 million	93%	91%	58%	69%	93%	98%
\$299 million or less	89%	89%	51%	47%	93%	89%

Figure 10

### PORTFOLIO MIX – PERCENT ALLOCATIONS

N-241

INVESTMENT STRATEGY	PRIVATE EQUITY	REAL ESTATE	HEDGE FUND	VENTURE CAPITAL	FIXED INCOME/ CASH	PUBLIC EQUITIES
All	18%	15%	10%	5%	16%	36%
\$1 billion or more	18%	12%	11%	6%	15%	38%
\$500 million to \$999 million	16%	13%	11%	5%	17%	38%
\$300 million to \$499 million	18%	14%	8%	7%	14%	39%
\$299 million or less	20%	20%	8%	4%	17%	31%



# Roles of family office executives



## Roles of family office executives

Family office executives were matched to survey positions (defined on page 9) based on primary responsibilities as internal job titles vary widely. Many family office executives “wear multiple hats,” and it is common for executives to take on some responsibilities outside their area of specialization. Certain executive roles are notably more or less prevalent depending on the complexity of the organization, as shown in the table below.

Figure 11

### PREVALENCE OF EXECUTIVE ROLES BY OFFICE COMPLEXITY

EXECUTIVE POSITIONS	ALL	LEAST COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
CEO	82%	72%	78%	87%
CFO	47%	41%	44%	52%
CIO	40%	35%	34%	46%
COO	27%	30%	26%	25%

Frequently, blended roles are a common occurrence among family office executives and this occurs the most within less complex family offices, as those offices tend to be lean, and staff perform multiple duties (i.e., a CEO with CIO responsibilities). There tends to be more specialization within larger, more complex offices. The table below outlines the percent of responding executives who **only** perform the responsibilities of that position and none other.

Figure 12

### PREVALENCE OF EXECUTIVES PERFORMING ONLY THEIR ROLES

EXECUTIVE RESPONSIBILITIES	ALL	LEAST COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
CEO/President Only	52%	61%	47%	52%
CFO Only	85%	87%	82%	86%
CIO Only	93%	89%	92%	95%
COO Only	90%	83%	89%	94%

## Family members in executive roles

As complexity increases, families are more likely to hire executives with experience in related professional fields, with family members' roles evolving to oversight and governance. Overall, 17% of reported executives are family members. At 32%, CEO is the position most commonly held by a family member, while only 1% of CFOs were reported as family members. Not surprisingly, offices that were "less complex" were more likely to have family members in executive roles.

**17%**  
of reported executives are family members

## Gender and ethnic diversity

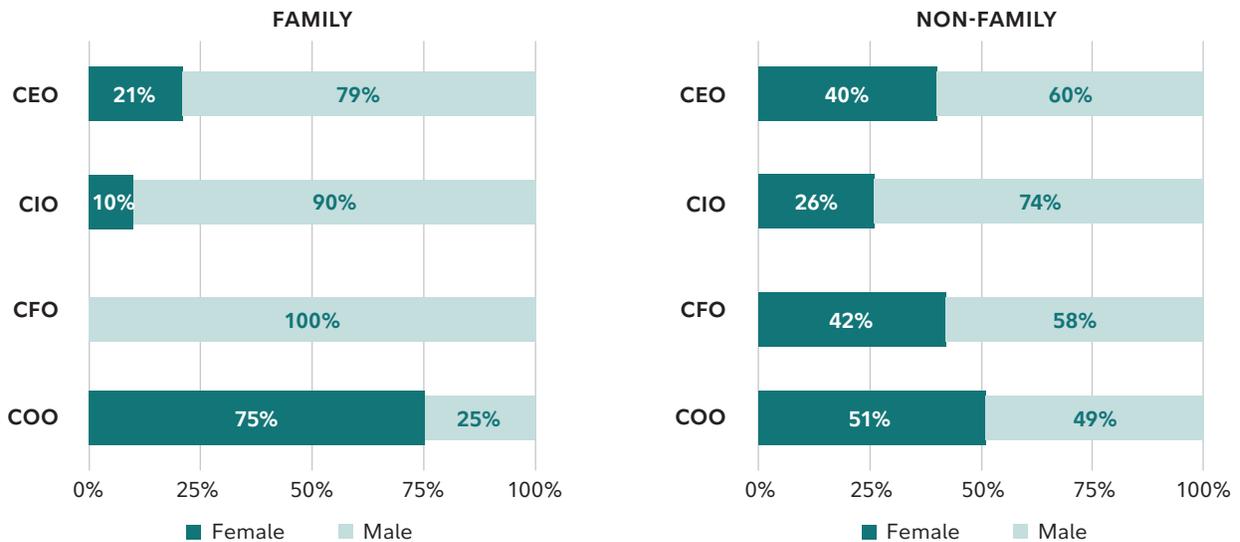
Diversity, ethnicity, and inclusion has been a major focus across many industries including financial services. On the gender diversity front, ~36% of reported family office executives are women, which is up slightly up from 2019 (~33%). Focusing on external executives (i.e., non-family members) women are more likely to operate in the COO capacity than any other C-suite role.

In broader asset management organizations only ~20% of firms have female executives, according to *McLagan's 2021 Diversity Study*. This suggests that family offices are ahead of the broader asset management industry in terms of more gender-diverse executive hires.

Focusing on total compensation, on average, women in executive roles are paid ~15% less than men (including family-member and external executives across all executive roles) based on participating offices. Details shown below.

Figure 13

### EXECUTIVE POSITIONS BY GENDER



**86%**  
of executives in this analysis identify as white.

As for ethnic diversity, 86% of the executives in this analysis identify as white (non-Hispanic) ethnicity. Just 5% of executives identify as something other than white (non-Hispanic). Where family offices proved to be more progressive in terms of gender diversity, family offices are generally aligned with asset management organizations in terms of ethnic diversity as 8% of executives within *McLagan's 2021 Diversity Study* identified as non-White.

## Tenure and background

Family members and boards rely on the guidance of experienced family office leaders. 30% of external CEOs have more than 15 years of tenure and 43% have more than 10 years of tenure. Moreover, 53% of external COOs have more than 10 years of tenure.

Executive backgrounds vary by role. External CEOs are more likely to be hired from other family offices whereas CIOs are predominantly hired from investment firms. Family member executives are commonly hired from the families' operating business.

Figure 14

### EXECUTIVE TENURE BY ROLE

FAMILY TENURE	MORE THAN 15 YEARS	11-15 YEARS	5-10 YEARS	LESS THAN 5 YEARS
CEO	56%	17%	12%	15%
CFO	30%	10%	30%	30%
CIO	100%	0%	0%	0%
COO	25%	25%	50%	0%
NON-FAMILY TENURE	MORE THAN 15 YEARS	11-15 YEARS	5-10 YEARS	LESS THAN 5 YEARS
CEO	30%	13%	29%	29%
CFO	21%	16%	29%	34%
CIO	24%	9%	32%	36%
COO	38%	15%	23%	25%

## Education and certifications

Academic degrees and certifications held by the surveyed executives are shown below. In most cases, executives have more than one professional certification, which makes it challenging to draw any real conclusions with respect to pay. However, external or non-family member executives are 20% more likely to have a professional certification than family members in executive roles.

Figure 15

### CERTIFICATIONS OF FAMILY OFFICE EXECUTIVES

QUALIFICATION	CFP	CFA	CPA	JD	LLM	MBA
CEO	12%	8%	40%	28%	1%	44%
CIO	8%	50%	17%	2%	0%	67%
CFO	10%	6%	86%	2%	2%	20%
COO	10%	10%	57%	14%	2%	38%
	CFP	CFA	CPA	JD	LLM	MBA
Family	5%	14%	7%	21%	5%	5%
Non-family	12%	16%	57%	13%	12%	12%



# Compensation and pay practices



# Compensation and pay practices

## 2020 salary increases

Consistent with earlier versions of this report, over 80% of family offices provided salary increases in the previous 12 months. This is particularly meaningful in a year in which the COVID-19 pandemic created so much uncertainty. Overall, 42% of family offices awarded salary increases between 2% and 3.9%. This is aligned with the national average increase of 3%, according to *McLagan's Global Salary Survey*. Note, we observed that in smaller, less complex offices, salary freezes were more common. As mentioned earlier in this report, executives within smaller offices (i.e., less than \$300M AUM) are often family members.

**Over 80%**  
of participating family offices **provided salary increases** in a year in which COVID-19 created so much uncertainty.

Figure 16

### PERCENT 2020 SALARY INCREASE BY COMPLEXITY

SALARY INCREASES	ALL	LEAST COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
Less than 2%	7%	9%	5%	7%
2% - 3.9%	42%	20%	48%	47%
4% - 5.9%	18%	26%	12%	20%
6% - 9.9%	9%	13%	8%	8%
More than 10%	6%	4%	4%	8%
Increases have not been granted in previous 12 months	18%	28%	24%	8%

## What drives salary increases?

Historically, family office pay has been more focused on fixed pay (i.e., base salaries) than on incentive compensation relative to broader financial services firms. As such, there has been a greater emphasis on annual salary adjustments. Several factors go into annual salary adjustments, the most prevalent being individual performance, market data and cost of living. Offices must also consider their own compensation philosophies when making annual pay decisions.

Figure 17

### DRIVERS FOR SALARY ADJUSTMENTS

SALARY INCREASES	ALL	LEAST COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
Linked to operating company budget	12%	13%	18%	7%
Family office colleague inquiries	18%	15%	21%	18%
2019 SFO Executive Compensation Survey	32%	33%	27%	35%
Internal factors	35%	35%	29%	40%
Cost of living	42%	28%	42%	48%
Other market data sources	46%	37%	44%	52%
Individual performance	62%	59%	57%	68%
Discretionary	65%	65%	70%	60%

## Annual incentive prevalence

Nearly 80% of family offices paid an annual incentive bonus for 2020. The use of annual incentives is consistently higher in firms with AUM of \$1 billion or more (i.e., more complex family offices). As described in our complexity profile, more complex family offices will typically have higher AUM, a more diverse portfolio mix, and specialized staff. This often means more complex pay programs with a greater emphasis on incentive compensation.

Figure 18

### BONUS PAY PREVALENCE BY AUM

BONUS PREVALENCE	ALL	\$1 BILLION OR MORE	\$500 MILLION-\$999 MILLION	\$300 MILLION-\$499 MILLION	\$299 MILLION OR LESS
2020 Bonuses Paid	79%	86%	88%	77%	68%

Figure 19

### BONUS PAY PREVALENCE BY COMPLEXITY

BONUS PREVALENCE	ALL	LESS COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
2020 Bonuses Paid	79%	65%	79%	88%

Overall, ~85% survey participants reported that annual incentives for the 2020 performance year were at or above the previous year's award; ~40% of firms increased annual incentives year-on-year. Increased annual incentives, particularly at larger, more complex organizations can be attributed to investment returns, not just on a one-year basis, but over 1-, 3-, and 5-year periods. From 2019 to 2020 the S&P was up 10%, which helps illustrate how family office portfolios have performed given their high allocations to public equity markets.

Figure 20

#### ANNUAL BONUS VS PRIOR YEAR BY COMPLEXITY

BONUS CHANGE	ALL	LESS COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
Lower	15%	28%	15%	11%
Comparable	46%	31%	54%	45%
Higher	39%	41%	31%	45%

### Annual incentive structures

Fully discretionary incentive plans continue to be the most prevalent approach to determining annual incentives. However, complex offices are more likely to have formalized incentive plans that may be tied to a scorecard and/or highly formulaic plans tied to investment returns.

Figure 21

#### INCENTIVE STRUCTURE BY COMPLEXITY

BONUS DETERMINATION	ALL	LESS COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
Formalized incentive plan	13%	10%	10%	16%
Discretionary bonuses	57%	61%	61%	51%
A mix of both	31%	29%	29%	33%

Structured pay plans are increasingly prevalent within the industry as family offices have become more mature, complex, and specialized. There are many benefits to more structured pay programs, including:

- › Aligning pay with performance, particularly formulaic plans linked to investment return
- › Providing transparency into annual payouts (removing the "black box" decision-making process)
- › Reducing family involvement in bonus conversations and ad hoc awards

## Long-term incentive plan prevalence

Similar to annual incentive plans, long-term incentive (LTI) plans have been another steadily growing trend within family offices. Long-term incentive plans provide participants with upside wealth creation opportunities, incentivize staff for long-term sustained performance, and add a retentive component to the compensation program.

Overall, 40% of family offices reported the use of LTI plans for senior executives. LTI plans can be structured in several ways. They may be designed and communicated as a carve out of the annual incentive program, with a portion of the award being deferred over a period. They may also be additive, meaning a lump-sum award that is granted in addition to the annual bonus but with a long-term vesting. Other long-term incentive vehicles allow for plan participants to invest alongside the family in different investments—particularly alternative investments. Typical LTI plans are defined below.

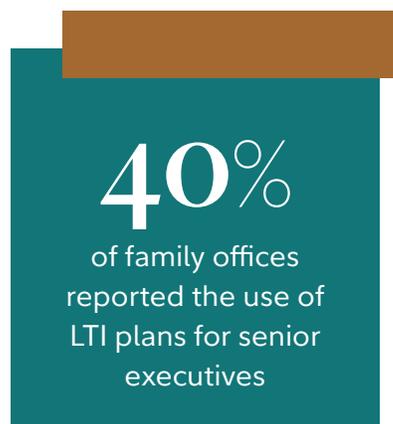


Figure 22

### LTI PLAN TYPES

<b>Co-Investment</b>	Allows participants to make a minority investment alongside the family into investment vehicles to which the participants would not normally have access (typically fee free).
<b>Carried interest</b>	Provides participants with a share of investment profits in excess of a specified return or hurdle, typically in alternative investments such as private equity or venture capital.
<b>Deferred bonus/incentive compensation</b>	Incentive compensation opportunity that is based on longer-term performance and typically vests over time and pays out in the future (deferred amounts are often linked to investment returns).
<b>Leverage</b>	The use of borrowed capital to increase the potential return of a co-investment. Leverage provided from the firm will typically be a recourse 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.
<b>Operating company equity</b>	Stock awards or other company ownership interests.
<b>Phantom equity</b>	Provides participants some of the benefits of stock ownership without actually giving them company stock, sometimes referred to as "shadow stock."

Deferred compensation is the most prevalent form of LTI plan used by family offices, followed closely by co-investment opportunities. The use of co-investment and carried interest reflects the growth of direct investment teams within family offices. Of the firms that have an LTI plan, the different approaches are shown below.

Figure 23

#### PREVALENCE OF LTI BY OFFICE COMPLEXITY

LTI PREVALENCE	ALL	LESS COMPLEX	MODERATELY COMPLEX	MOST COMPLEX
Carried interest	33%	50%	41%	25%
Co-investment opportunity	57%	70%	56%	55%
Deferred incentive compensation	64%	60%	53%	72%
Leverage through recourse loans	16%	20%	16%	15%
Leverage through non-recourse loans	5%	10%	9%	2%
Operating company equity	7%	30%	6%	4%
Phantom equity	9%	10%	13%	8%

#### LTI plan vesting

The use of vesting provisions is a common practice. Of the participating offices, the most common vesting period is three to five years. However, vesting schedules vary based on the type of LTI vehicle, as shown below.

Figure 24

#### LTI PLAN BY VESTING PERIOD LENGTH

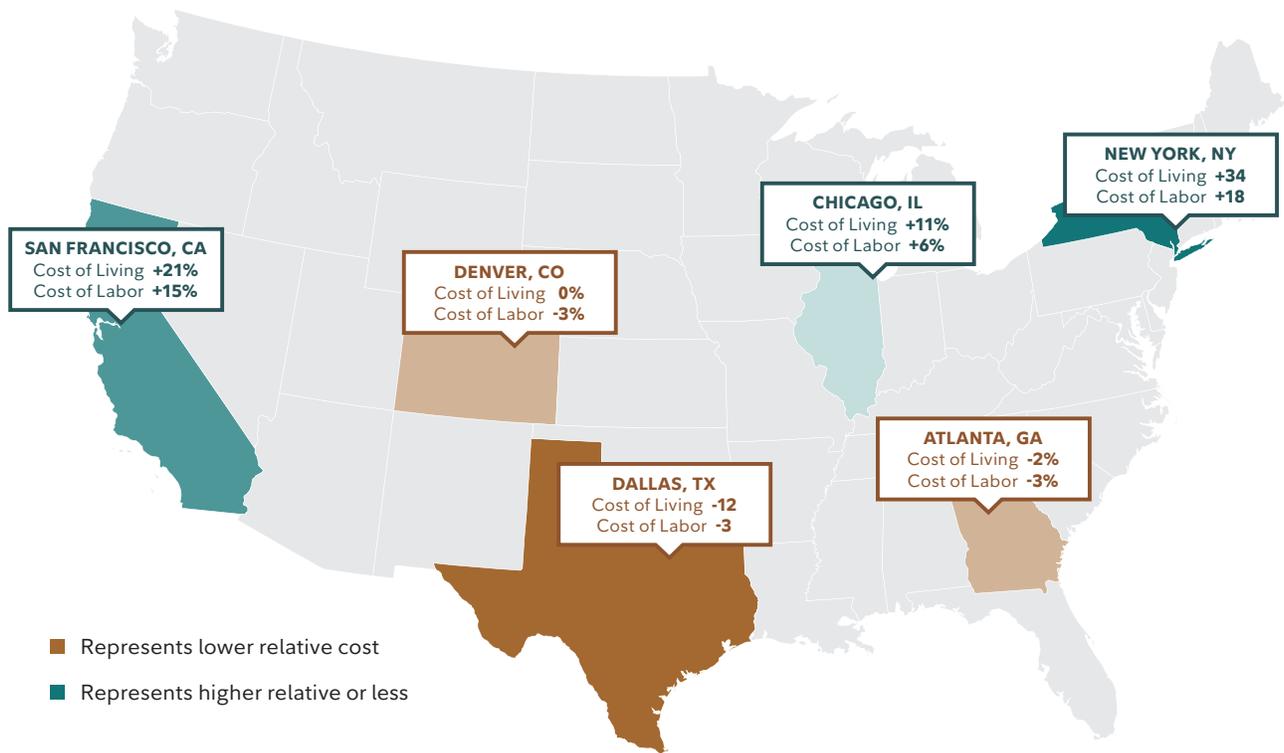
LTI PREVALENCE	< 3 YEARS	3-5 YEARS	> 5 YEARS
Carried interest	14%	26%	7%
Deferred incentive compensation	13%	44%	18%
Leverage through recourse loans	0%	3%	10%
Leverage through non-recourse loans	4%	0%	12%
Operating company equity	4%	18%	11%
Phantom equity	0%	24%	14%

## Geographic differentials

The chart below provides geographic pay differentials vs. the national average for key hub cities. That said, while geographic location may impact staff jobs, (e.g., accountants, technology staff, executive assistants), executive level roles are less impacted by location as the labor pool for these roles is national. In fact, a family office may need to pay a premium to relocate an executive from a major-metro area to a smaller, non-hub city.

Figure 25

### RELATIVE COST SUMMARY - SELECT U.S. LOCATIONS



CITY	CBSA NAME	COST OF LIVING*	COST OF LABOR**
<b>DIFFERENTIAL TO NATIONAL AVERAGE</b>			
Atlanta, GA	Atlanta-Sandy Springs-Roswell, GA	2%	-3%
Chicago, IL	Chicago-Naperville-Elgin, IL-IN-WI	11%	6%
Dallas, TX	Dallas-Fort Worth-Arlington, TX	-12%	-3%
Denver, CO	Denver-Aurora-Lakewood, CO	0%	-3%
New York, NY	New York-Newark-Jersey City, NY-NJ-PA	34%	18%
San Francisco, CA	San Francisco-Oakland-Hayward, CA	21%	15%

\*Cost of Living is a measure of the weighted average prices of different categories of consumer expenditures for mid-management households. **Source:** The Council for Community and Economic Research

\*\*Cost of Labor is the weighted average total compensation across all infrastructure roles (technology & operations, control functions, HR, finance, corporate & administrative services). **Source:** McLagan proprietary reward survey data including all financial services firms

## Firm Characteristics - 90th Percentile Highest Paid CEOs

There are specific common characteristics and insights about office complexity for CEOs in the 90th pay percentile for CEOs. The highest-paid CEOs are typically associated with the most complex offices, and while there may be outliers, we can identify that office complexity relates to compensation.

Figure 26

### 90TH PERCENTILE OF HIGHEST EARNING CEOS - FIRM CHARACTERISTICS

CHARACTERISTIC	AMOUNT
Assets under management	\$1 billion or More
Number of services in-house (of 10)	8
Number of executives	2
Average amount of in house staff	48
Average number of family members supported	25
Average ratio of family to staff	1
Average number of generations supported	5
Most common gender	Male
Family affiliation	Non-Family Member
Average number of certifications	1

## Family member compensation

A significant number of family member CEOs 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. There are several reasons that family members may have no or low compensation. For family member principals, compensation may not be tax efficient. Other family members may be compensated in other ways, including benefiting from distributions from the investment portfolio or for roles performed in the family's operating business.

Figure 27

### ALL FAMILY MEMBER EXECUTIVES (E.G., CEO, CIO, COO, CFO) COMPENSATION BY COMPLEXITY

ALL FAMILY MEMBERS	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	53	\$140,000	\$200,000	\$260,000	\$359,758	\$432,640	\$640,000
Total cash	53	\$150,000	\$250,000	\$346,116	\$647,973	\$647,500	\$1,103,000
Total compensation	53	\$150,000	\$250,000	\$346,116	\$660,438	\$647,500	\$1,103,000
ALL NON-FAMILY MEMBERS							
Base salary	335	\$170,000	\$230,000	\$335,000	\$417,545	\$499,827	\$737,600
Total cash	335	\$200,000	\$298,500	\$435,000	\$614,819	\$691,500	\$1,198,330
Total compensation	335	\$200,000	\$300,451	\$450,000	\$648,536	\$750,000	\$1,346,000
FAMILY MEMBER - LEAST COMPLEX							
Base salary	17	\$150,000	\$186,000	\$252,500	\$293,214	\$350,000	\$532,000
Total cash	17	\$167,080	\$226,000	\$355,413	\$480,644	\$531,250	\$720,000
Total compensation	17	\$167,080	\$226,000	\$357,750	\$483,023	\$562,500	\$720,000
FAMILY MEMBER - MODERATELY COMPLEX							
Base salary	16	\$161,500	\$211,375	\$286,500	\$351,966	\$400,000	\$567,500
Total cash	16	\$176,500	\$255,000	\$375,000	\$466,446	\$585,730	\$847,000
Total compensation	16	\$181,500	\$271,250	\$390,055	\$513,277	\$600,000	\$1,064,858
FAMILY MEMBER - MOST COMPLEX							
Base salary	20	\$200,000	\$270,000	\$375,000	\$490,689	\$544,712	\$806,000
Total cash	20	\$218,000	\$355,000	\$525,000	\$743,736	\$900,803	\$1,458,000
Total compensation	20	\$230,500	\$360,000	\$535,000	\$776,797	\$975,000	\$1,600,000



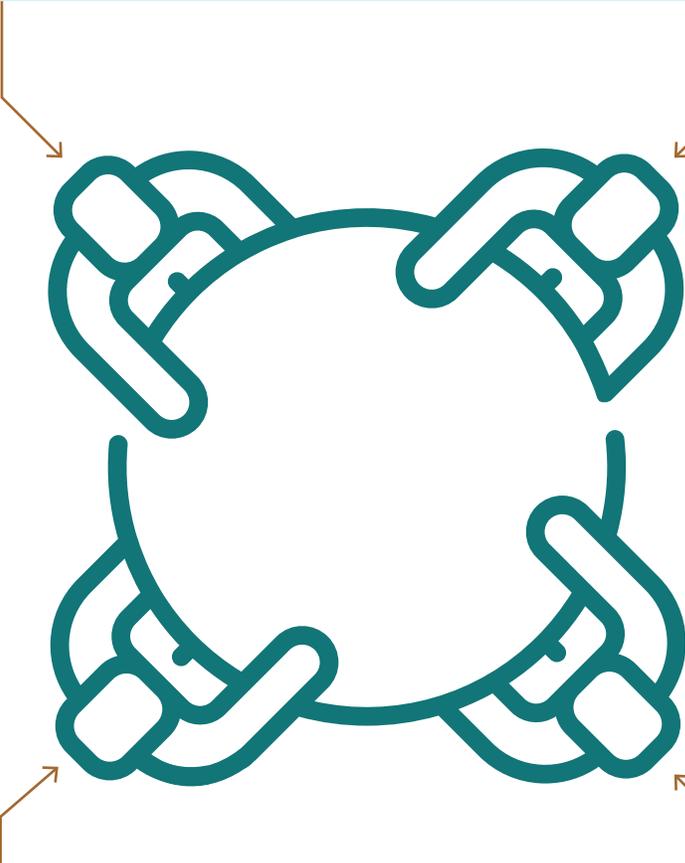
# Position descriptions

---

# Position descriptions

## Chief Financial Officer (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.



## Chief Executive Officer (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.

## Chief Operating Officer (COO)

This position directs, coordinates, and administers all aspects of the family office operations in compliance with established policies and strategy. The COO has responsibility for 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.

## Chief Investment Officer (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.



# Compensation detail



# Compensation detail

Executive Compensation data for the 2020 performance year is shown in the following section. As we head into year-end 2021, McLagan expects record compensation in many areas across financial services which will undoubtedly impact family office pay.

## Chief Executive Officer

Figure 28

### CHIEF EXECUTIVE OFFICER COMPENSATION BY AUM - \$1B+

CHIEF EXECUTIVE OFFICER - \$1B+	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	54	\$310,650	\$408,160	\$510,000	\$685,104	\$793,125	\$1,091,000
Total cash	54	\$388,500	\$626,250	\$868,417	\$1,152,658	\$1,287,500	\$2,262,500
Total compensation	54	\$433,500	\$648,125	\$887,500	\$1,327,174	\$1,547,325	\$3,005,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	47	16%	30%	50%	75%	100%	136%
Annual incentive actual (as % of base)	46	16%	30%	44%	80%	100%	153%
LTI actual (as % of base)	15	6%	27%	68%	120%	99%	270%

Figure 29

### CHIEF EXECUTIVE OFFICER COMPENSATION BY AUM - \$500M-\$999M

CHIEF EXECUTIVE OFFICER - \$500M - \$999M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	35	\$197,600	\$260,000	\$400,000	\$412,385	\$532,000	\$640,892
Total cash	35	\$228,000	\$363,000	\$510,000	\$546,477	\$657,146	\$970,000
Total compensation	35	\$274,000	\$366,750	\$510,000	\$581,691	\$681,403	\$1,084,200
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	25	15%	25%	43%	51%	75%	100%
Annual incentive actual (as % of base)	23	13%	24%	46%	48%	62%	87%
LTI actual (as % of base)	6	-	-	52%	56%	-	-

## Chief Executive Officer (continued)

Figure 30

### CHIEF EXECUTIVE OFFICER COMPENSATION BY AUM - \$300M-\$499M

CHIEF EXECUTIVE OFFICER - \$300M - \$499M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	31	\$212,000	\$305,900	\$367,854	\$444,555	\$440,000	\$500,000
Total cash	31	\$300,000	\$355,000	\$456,782	\$650,235	\$609,375	\$1,150,000
Total compensation	31	\$300,000	\$355,000	\$456,782	\$740,731	\$885,000	\$1,429,965
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	24	16%	24%	30%	83%	56%	97%
Annual incentive actual (as % of base)	23	16%	22%	30%	91%	69%	98%
LTI actual (as % of base)	9	-	19%	22%	84%	125%	-

Figure 31

### CHIEF EXECUTIVE OFFICER COMPENSATION BY AUM - \$299M OR LESS

CHIEF EXECUTIVE OFFICER - \$299M OR LESS	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	42	\$132,000	\$177,500	\$250,000	\$285,989	\$338,706	\$495,000
Total cash	42	\$132,000	\$207,000	\$320,000	\$488,238	\$448,875	\$661,700
Total compensation	42	\$150,000	\$207,000	\$343,058	\$603,018	\$575,061	\$1,413,800
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	27	10%	16%	40%	75%	55%	100%
Annual incentive actual (as % of base)	27	7%	14%	41%	75%	58%	107%
LTI actual (as % of base)	8	-	-	118%	159%	-	-

## Chief Executive Officer (continued)

Figure 32

### CHIEF EXECUTIVE OFFICER COMPENSATION BY COMPLEXITY - ALL

CHIEF EXECUTIVE OFFICER - ALL	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	162	\$186,000	\$267,750	\$380,000	\$476,678	\$550,000	\$800,000
Total cash	162	\$202,800	\$350,000	\$518,250	\$753,293	\$870,258	\$1,372,879
Total compensation	162	\$228,600	\$354,138	\$556,000	\$802,115	\$937,950	\$1,670,833
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	123	11%	25%	40%	72%	82%	120%
Annual incentive actual (as % of base)	119	12%	24%	40%	75%	88%	133%
LTI actual (as % of base)	38	2%	14%	24%	50%	67%	113%

Figure 33

### CHIEF EXECUTIVE OFFICER COMPENSATION BY COMPLEXITY - LEAST COMPLEX

CHIEF EXECUTIVE OFFICER - LEAST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	22	\$111,000	\$165,500	\$257,500	\$397,173	\$430,000	\$617,000
Total cash	22	\$132,000	\$215,000	\$362,913	\$710,947	\$622,500	\$2,065,800
Total compensation	22	\$150,000	\$215,000	\$365,250	\$716,886	\$628,750	\$2,065,800
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	15	13%	22%	44%	126%	63%	303%
Annual incentive actual (as % of base)	15	12%	22%	42%	124%	50%	303%
LTI actual (as % of base)	3	-	-	-	-	-	-

## Chief Executive Officer (continued)

Figure 34

### CHIEF EXECUTIVE OFFICER COMPENSATION BY COMPLEXITY - MODERATELY COMPLEX

CHIEF EXECUTIVE OFFICER - MODERATELY COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	58	\$195,700	\$256,000	\$342,500	\$410,249	\$464,125	\$672,500
Total cash	58	\$245,200	\$300,750	\$425,000	\$651,452	\$743,750	\$1,136,000
Total compensation	58	\$250,000	\$334,029	\$480,333	\$705,108	\$778,429	\$1,212,213
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	43	13%	25%	40%	74%	90%	116%
Annual incentive actual (as % of base)	39	12%	22%	41%	75%	88%	116%
LTI actual (as % of base)	11	-	20%	51%	94%	144%	-

Figure 35

### CHIEF EXECUTIVE OFFICER COMPENSATION BY COMPLEXITY - MOST COMPLEX

CHIEF EXECUTIVE OFFICER - MOST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	82	\$230,500	\$329,950	\$471,500	\$544,995	\$633,700	\$897,210
Total cash	82	\$255,000	\$397,875	\$621,875	\$836,689	\$1,065,825	\$1,594,500
Total compensation	82	\$255,000	\$397,875	\$649,494	\$893,595	\$1,102,750	\$1,885,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	65	10%	25%	40%	57%	75%	112%
Annual incentive actual (as % of base)	65	13%	24%	38%	63%	92%	130%
LTI actual (as % of base)	24	3%	10%	21%	34%	53%	72%

## Chief Investment Officer

Figure 36

### CHIEF INVESTMENT OFFICER COMPENSATION BY AUM - \$1B+

CHIEF INVESTMENT OFFICER - \$1B +	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	37	\$259,340	\$350,000	\$490,000	\$612,378	\$600,000	\$938,490
Total cash	37	\$411,000	\$600,000	\$832,000	\$917,030	\$1,050,000	\$1,264,400
Total compensation	37	\$506,000	\$668,000	\$950,000	\$994,208	\$1,100,000	\$1,469,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	30	20%	36%	61%	73%	100%	128%
Annual incentive actual (as % of base)	32	20%	28%	63%	77%	100%	164%
LTI actual (as % of base)	9	-	60%	90%	83%	98%	-

Figure 37

### CHIEF INVESTMENT OFFICER COMPENSATION BY AUM - \$500M-\$999M

CHIEF INVESTMENT OFFICER - \$500M - \$999M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	17	\$246,000	\$260,000	\$360,000	\$415,213	\$550,000	\$607,800
Total cash	17	\$330,965	\$400,000	\$490,000	\$768,436	\$750,000	\$1,420,790
Total compensation	17	\$330,965	\$401,500	\$535,000	\$783,495	\$750,000	\$1,420,790
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	13	-	25%	50%	63%	75%	-
Annual incentive actual (as % of base)	15	17%	19%	40%	80%	115%	196%
LTI actual (as % of base)	3	-	-	-	-	-	-

## Chief Investment Officer (continued)

Figure 38

### CHIEF INVESTMENT OFFICER COMPENSATION BY AUM - \$300M-\$499M

CHIEF INVESTMENT OFFICER - \$300M - \$499M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	13	-	\$200,000	\$280,000	\$281,315	\$325,000	-
Total cash	13	-	\$280,000	\$323,473	\$365,345	\$400,000	-
Total compensation	13	-	\$300,000	\$400,000	\$528,113	\$710,000	-
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	8	-	-	42%	46%	-	-
Annual incentive actual (as % of base)	10	-	25%	42%	39%	56%	-
LTI actual (as % of base)	3	-	-	-	-	-	-

Figure 39

### CHIEF INVESTMENT OFFICER COMPENSATION BY AUM - LESS THAN \$299M

CHIEF INVESTMENT OFFICER - LESS THAN \$299M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	13	-	\$240,000	\$300,000	\$354,677	\$475,000	-
Total cash	13	-	\$250,000	\$410,000	\$426,331	\$550,000	-
Total compensation	13	-	\$250,000	\$410,000	\$426,331	\$550,000	-
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	5	-	-	50%	56%	-	-
Annual incentive actual (as % of base)	5	-	-	58%	66%	-	-
LTI actual (as % of base)	0	-	-	-	-	-	-

## Chief Investment Officer (continued)

Figure 40

### CHIEF INVESTMENT OFFICER COMPENSATION BY COMPLEXITY - ALL

CHIEF INVESTMENT OFFICER - ALL	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	80	\$209,000	\$260,000	\$400,000	\$474,806	\$546,034	\$735,600
Total cash	80	\$268,000	\$384,188	\$557,500	\$716,066	\$900,201	\$1,113,700
Total compensation	80	\$298,000	\$401,125	\$634,000	\$781,411	\$1,050,000	\$1,295,200
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	56	19%	30%	50%	65%	93%	126%
Annual incentive actual (as % of base)	62	16%	24%	51%	71%	97%	169%
LTI actual (as % of base)	15	27%	51%	90%	127%	120%	333%

Figure 41

### CHIEF INVESTMENT OFFICER COMPENSATION BY COMPLEXITY - LEAST COMPLEX

CHIEF INVESTMENT OFFICER - LEAST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	12	-	\$200,000	\$257,500	\$338,454	\$481,713	-
Total cash	12	-	\$287,500	\$380,000	\$451,371	\$600,000	-
Total compensation	12	-	\$287,500	\$380,000	\$451,371	\$600,000	-
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	7	-	-	50%	45%	-	-
Annual incentive actual (as % of base)	8	-	-	50%	51%	-	-
LTI actual (as % of base)	0	-	-	-	-	-	-

## Chief Investment Officer (continued)

Figure 42

### CHIEF INVESTMENT OFFICER COMPENSATION BY COMPLEXITY - MODERATELY COMPLEX

CHIEF INVESTMENT OFFICER - MODERATELY COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	24	\$195,000	\$246,000	\$330,000	\$399,843	\$462,500	\$567,500
Total cash	24	\$256,000	\$343,225	\$455,000	\$571,138	\$695,250	\$1,019,858
Total compensation	24	\$279,940	\$422,500	\$600,000	\$677,388	\$942,806	\$1,098,589
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	16	19%	25%	59%	75%	103%	132%
Annual incentive actual (as % of base)	19	14%	19%	33%	66%	101%	163%
LTI actual (as % of base)	7	-	-	98%	166%	-	-

Figure 43

### CHIEF INVESTMENT OFFICER COMPENSATION BY COMPLEXITY - MOST COMPLEX

CHIEF INVESTMENT OFFICER - MOST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	44	\$258,845	\$340,375	\$462,500	\$552,883	\$565,375	\$745,200
Total cash	44	\$308,370	\$451,239	\$716,500	\$867,308	\$1,012,500	\$1,390,395
Total compensation	44	\$336,722	\$496,000	\$750,000	\$928,162	\$1,106,759	\$1,600,395
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	33	20%	31%	55%	65%	80%	120%
Annual incentive actual (as % of base)	35	17%	30%	56%	78%	100%	180%
LTI actual (as % of base)	8	-	-	67%	93%	-	-

## Chief Financial Officer

Figure 44

### CHIEF FINANCIAL OFFICER COMPENSATION BY AUM - \$1B +

CHIEF FINANCIAL OFFICER - \$1B +	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	35	\$194,000	\$229,000	\$350,000	\$357,320	\$446,000	\$525,000
Total cash	35	\$214,000	\$318,500	\$442,000	\$478,845	\$588,750	\$671,872
Total compensation	35	\$214,000	\$334,000	\$450,000	\$505,320	\$622,500	\$769,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	25	10%	20%	30%	37%	50%	59%
Annual incentive actual (as % of base)	29	10%	19%	29%	40%	58%	82%
LTI actual (as % of base)	8	-	-	40%	36%	-	-

Figure 45

### CHIEF FINANCIAL OFFICER COMPENSATION BY AUM - \$500M-\$999M

CHIEF FINANCIAL OFFICER - \$500M - \$999M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	21	\$160,000	\$196,000	\$255,000	\$271,667	\$350,000	\$420,000
Total cash	21	\$192,000	\$210,000	\$284,000	\$329,024	\$405,000	\$535,000
Total compensation	21	\$192,000	\$210,000	\$295,000	\$336,643	\$475,000	\$535,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	13	-	15%	25%	39%	50%	-
Annual incentive actual (as % of base)	17	4%	13%	20%	28%	35%	53%
LTI actual (as % of base)	2	-	-	-	-	-	-

## Chief Financial Officer (continued)

Figure 46

### CHIEF FINANCIAL OFFICER COMPENSATION BY AUM - \$300M-\$499M

CHIEF FINANCIAL OFFICER - \$300M - \$499M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	16	\$180,000	\$197,000	\$238,300	\$240,757	\$273,351	\$310,500
Total cash	16	\$202,500	\$224,750	\$282,000	\$299,052	\$345,970	\$402,500
Total compensation	16	\$202,500	\$224,750	\$282,000	\$305,302	\$345,970	\$452,500
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	9	-	11%	21%	40%	25%	-
Annual incentive actual (as % of base)	13	-	11%	21%	33%	26%	-
LTI actual (as % of base)	1	-	-	-	-	-	-

Figure 47

### CHIEF FINANCIAL OFFICER COMPENSATION BY AUM - \$299 OR LESS

CHIEF FINANCIAL OFFICER - \$299M OR LESS	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	26	\$145,000	\$158,125	\$212,750	\$234,261	\$285,875	\$300,000
Total cash	26	\$150,000	\$175,625	\$227,000	\$305,242	\$317,250	\$404,500
Total compensation	26	\$150,000	\$175,625	\$229,500	\$320,819	\$317,250	\$437,500
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	13	-	10%	14%	21%	30%	-
Annual incentive actual (as % of base)	21	7%	11%	13%	23%	25%	42%
LTI actual (as % of base)	2	-	-	-	-	-	-

## Chief Financial Officer (continued)

Figure 48

### CHIEF FINANCIAL OFFICER COMPENSATION BY COMPLEXITY - ALL

CHIEF FINANCIAL OFFICER - ALL	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	98	\$156,100	\$198,500	\$260,000	\$287,287	\$350,000	\$471,800
Total cash	98	\$176,750	\$216,250	\$309,500	\$371,329	\$448,000	\$593,000
Total compensation	98	\$176,750	\$216,250	\$322,500	\$387,570	\$496,750	\$639,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	60	10%	13%	25%	35%	43%	67%
Annual incentive actual (as % of base)	80	7%	11%	20%	32%	40%	69%
LTI actual (as % of base)	13	-	28%	40%	41%	44%	-

Figure 49

### CHIEF FINANCIAL OFFICER COMPENSATION BY COMPLEXITY - LEAST COMPLEX

CHIEF FINANCIAL OFFICER - LEAST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	15	\$151,800	\$184,000	\$260,000	\$284,040	\$294,250	\$498,000
Total cash	15	\$170,240	\$200,000	\$260,000	\$386,300	\$390,000	\$558,000
Total compensation	15	\$170,240	\$200,000	\$260,000	\$412,967	\$427,500	\$717,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	9	-	14%	20%	24%	25%	-
Annual incentive actual (as % of base)	11	-	12%	20%	33%	36%	-
LTI actual (as % of base)	1	-	-	-	-	-	-

## Chief Financial Officer (continued)

Figure 50

### CHIEF FINANCIAL OFFICER COMPENSATION BY COMPLEXITY - MODERATELY COMPLEX

CHIEF FINANCIAL OFFICER - MODERATELY COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	34	\$150,000	\$176,500	\$217,750	\$253,956	\$318,750	\$375,000
Total cash	34	\$164,050	\$209,063	\$257,500	\$294,287	\$368,750	\$488,500
Total compensation	34	\$164,050	\$209,063	\$257,500	\$306,199	\$387,500	\$508,500
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	20	10%	10%	20%	26%	30%	50%
Annual incentive actual (as % of base)	26	6%	8%	14%	21%	28%	45%
LTI actual (as % of base)	4	-	-	-	-	-	-

Figure 51

### CHIEF FINANCIAL OFFICER COMPENSATION BY COMPLEXITY - MOST COMPLEX

CHIEF FINANCIAL OFFICER - MOST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	49	\$172,000	\$210,000	\$278,000	\$311,408	\$360,000	\$474,200
Total cash	49	\$200,000	\$263,100	\$380,000	\$420,203	\$510,000	\$661,436
Total compensation	49	\$200,000	\$275,400	\$384,000	\$436,257	\$530,000	\$692,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	31	8%	20%	35%	43%	51%	100%
Annual incentive actual (as % of base)	43	8%	13%	26%	38%	51%	94%
LTI actual (as % of base)	8	-	-	35%	35%	-	-

## Chief Operating Officer

Figure 51

### CHIEF OPERATING OFFICER COMPENSATION BY AUM - \$1B+

CHIEF OPERATIONS OFFICER - \$1B +	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	15	\$183,000	\$249,259	\$304,000	\$615,318	\$880,000	\$1,466,200
Total cash	15	\$323,093	\$361,384	\$590,000	\$803,969	\$880,000	\$1,910,800
Total compensation	15	\$323,093	\$375,134	\$683,000	\$899,455	\$950,000	\$1,910,800
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	9	-	30%	40%	55%	67%	-
Annual incentive actual (as % of base)	11	-	31%	39%	82%	106%	-
LTI actual (as % of base)	5	-	-	-	-	-	-

Figure 53

### CHIEF OPERATING OFFICER COMPENSATION BY AUM - \$500M-\$999M

CHIEF OPERATIONS OFFICER - \$500M - \$999M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	11	-	\$148,750	\$230,000	\$226,155	\$275,000	-
Total cash	11	-	\$176,250	\$262,500	\$261,836	\$344,000	-
Total compensation	11	-	\$176,250	\$262,500	\$279,336	\$356,500	-
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	8	-	-	27%	36%	-	-
Annual incentive actual (as % of base)	8	-	-	17%	26%	-	-
LTI actual (as % of base)	3	-	-	-	-	-	-

## Chief Operating Officer (continued)

Figure 54

### CHIEF OPERATING OFFICER COMPENSATION BY AUM - \$300M-\$499M

CHIEF OPERATIONS OFFICER - \$300M - \$499M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	12	-	\$207,500	\$226,800	\$269,655	\$284,198	-
Total cash	12	-	\$326,114	\$375,300	\$739,359	\$860,000	-
Total compensation	12	-	\$326,114	\$520,000	\$922,775	\$1,415,309	-
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	9	-	30%	50%	72%	90%	-
Annual incentive actual (as % of base)	11	-	35%	66%	186%	217%	-
LTI actual (as % of base)	4	-	-	-	-	-	-

Figure 55

### CHIEF OPERATING OFFICER COMPENSATION BY AUM - LESS THAN \$299M

CHIEF OPERATIONS OFFICER - LESS THAN \$299M	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	15	\$118,750	\$150,000	\$200,000	\$230,273	\$277,350	\$350,700
Total cash	15	\$121,150	\$201,250	\$243,000	\$290,273	\$403,500	\$450,700
Total compensation	15	\$121,150	\$201,250	\$243,000	\$290,273	\$403,500	\$450,700
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	9	-	10%	17%	22%	28%	-
Annual incentive actual (as % of base)	11	-	14%	26%	39%	38%	-
LTI actual (as % of base)	5	-	-	-	-	-	-

## Chief Operating Officer (continued)

Figure 56

### CHIEF OPERATING OFFICER COMPENSATION BY COMPLEXITY - ALL

CHIEF OPERATIONS OFFICER - ALL	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	56	\$142,750	\$168,750	\$240,759	\$341,040	\$339,500	\$625,000
Total cash	56	\$148,750	\$217,000	\$353,284	\$518,517	\$489,645	\$1,240,000
Total compensation	56	\$151,000	\$217,000	\$367,034	\$586,835	\$669,500	\$1,498,706
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	37	7%	15%	30%	45%	66%	100%
Annual incentive actual (as % of base)	43	4%	15%	33%	85%	66%	197%
LTI actual (as % of base)	12	-	11%	40%	104%	153%	-

Figure 57

### CHIEF OPERATING OFFICER COMPENSATION BY COMPLEXITY - LEAST COMPLEX

CHIEF OPERATIONS OFFICER - LEAST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	13	-	\$150,000	\$200,000	\$194,654	\$210,000	-
Total cash	13	-	\$200,000	\$250,000	\$432,769	\$375,000	-
Total compensation	13	-	\$200,000	\$250,000	\$435,462	\$375,000	-
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	8	-	-	23%	37%	-	-
Annual incentive actual (as % of base)	11	-	14%	33%	145%	125%	-
LTI actual (as % of base)	1	-	-	-	-	-	-

## Chief Operating Officer (continued)

Figure 58

### CHIEF OPERATING OFFICER COMPENSATION BY COMPLEXITY - MODERATELY COMPLEX

CHIEF OPERATIONS OFFICER - MODERATELY COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	19	\$88,600	\$167,500	\$233,000	\$321,768	\$355,500	\$706,000
Total cash	19	\$102,200	\$218,000	\$375,000	\$439,043	\$423,000	\$786,000
Total compensation	19	\$136,200	\$218,000	\$375,000	\$586,858	\$625,000	\$1,162,001
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	15	10%	15%	30%	39%	58%	81%
Annual incentive actual (as % of base)	16	11%	16%	32%	38%	59%	66%
LTI actual (as % of base)	6	-	-	73%	150%	-	-

Figure 59

### CHIEF OPERATING OFFICER COMPENSATION BY COMPLEXITY - MOST COMPLEX

CHIEF OPERATIONS OFFICER - MOST COMPLEX	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	24	\$161,000	\$218,750	\$276,700	\$435,589	\$388,344	\$761,000
Total cash	24	\$184,000	\$293,850	\$380,100	\$627,880	\$693,863	\$1,708,900
Total compensation	24	\$184,000	\$293,850	\$380,100	\$668,809	\$752,338	\$1,933,100
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	14	-	19%	34%	57%	62%	-
Annual incentive actual (as % of base)	16	4%	23%	36%	91%	117%	287%
LTI actual (as % of base)	5	-	-	-	-	-	-

## Miscellaneous

Figure 60

### ALL EXECUTIVE COMPENSATION BY GENDER

ALL FEMALE EXECUTIVES	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	140	\$150,000	\$200,000	\$275,200	\$369,115	\$433,230	\$643,448
Total cash	140	\$165,360	\$227,500	\$375,900	\$545,722	\$561,876	\$1,054,000
Total compensation	140	\$169,540	\$235,500	\$379,805	\$591,710.33	\$643,750	\$1,184,100
ALL MALE EXECUTIVES							
Base salary	241	\$184,000	\$250,000	\$350,000	\$436,022	\$500,000	\$741,700
Total cash	241	\$210,000	\$304,000	\$498,000	\$666,969	\$750,000	\$1,353,785
Total compensation	241	\$210,000	\$309,000	\$505,000	\$687,716	\$753,950	\$1,375,000

Figure 61

### CHIEF EXECUTIVE OFFICER EMBEDDED IN OPERATING COMPANY

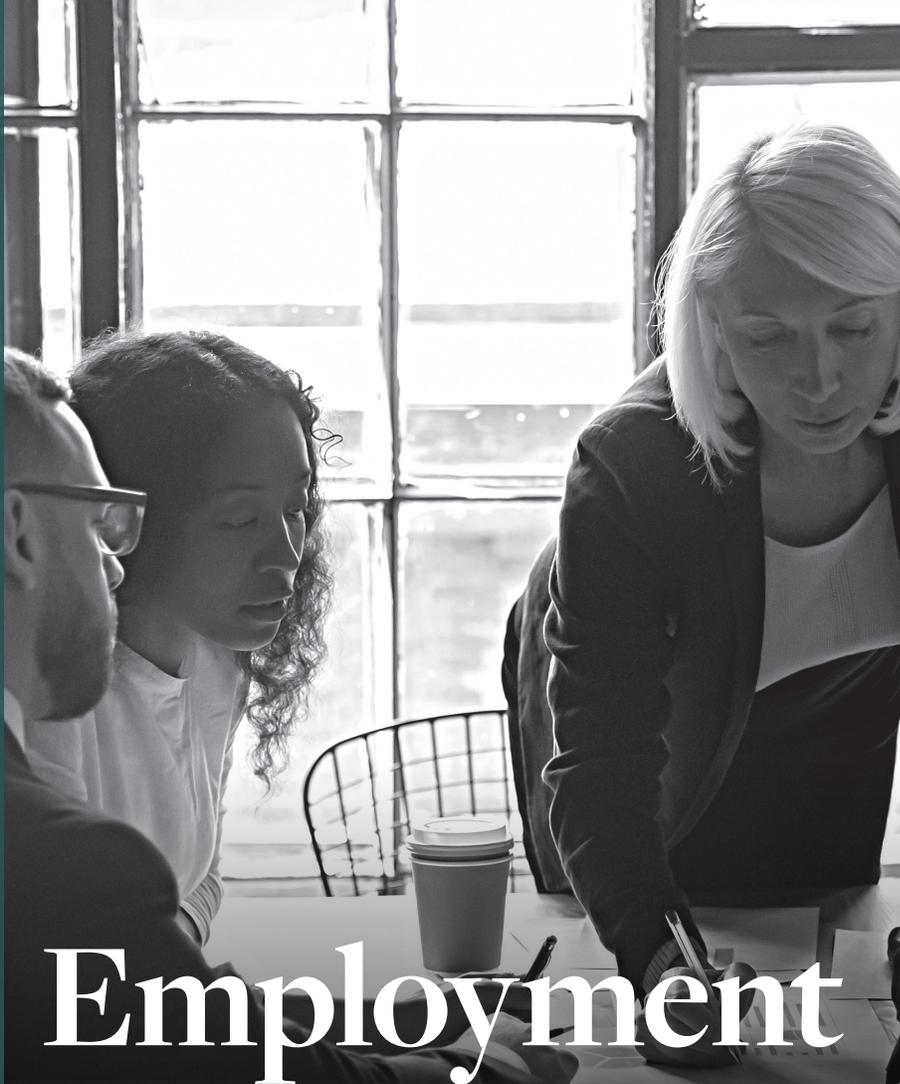
CHIEF EXECUTIVE OFFICER - EMBEDDED	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	23	\$185,600	\$265,000	\$350,000	\$428,086	\$526,988	\$713,360
Total cash	23	\$185,600	\$310,000	\$553,975	\$980,655	\$954,150	\$1,370,757
Total compensation	23	\$243,400	\$327,500	\$625,000	\$1,122,171	\$1,212,500	\$2,373,610
INCENTIVES							
Annual incentive target (as % of base)	19	15%	25%	50%	92%	80%	184%
Annual incentive actual (as % of base)	18	16%	28%	48%	101%	90%	254%
LTI actual (as % of base)	6	-	-	79%	120%	-	-

## Miscellaneous (continued)

Figure 62

### CHIEF EXECUTIVE OFFICER STANDALONE FAMILY OFFICE

CHIEF EXECUTIVE OFFICER - STAND ALONE	NUMBER OF INCUMBENTS	10TH PERCENTILE	25TH PERCENTILE	MEDIAN	MEAN	75TH PERCENTILE	90TH PERCENTILE
Base salary	139	\$193,000	\$268,500	\$380,000	\$484,718	\$550,000	\$820,000
Total cash	139	\$227,200	\$350,413	\$511,500	\$715,672	\$857,367	\$1,349,000
Total compensation	139	\$227,200	\$357,500	\$570,000	\$823,785	\$947,800	\$2,010,000
<b>INCENTIVES</b>							
Annual incentive target (as % of base)	104	11%	25%	40%	68%	79%	114%
Annual incentive actual (as % of base)	101	11%	24%	38%	70%	88%	125%
LTI actual (as % of base)	32	10%	19%	52%	108%	130%	268%



# Employment practices and benefits



# Employment practices and benefits

## 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 lagged behind other industries, particularly within smaller, less complex offices with family member executives.

### Employment agreement provisions most prevalent in family offices include:

**Employment arrangements:** This defines the job title and responsibilities, terms of the agreement, and timing of renewals or extensions of the agreement.

**Compensation arrangements:** This addresses 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 termination resulting from retirement, death, or disability.

**Non-competition/non-solicitation:** An agreement that an employee will not engage in activities that compete with their employer 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:** These may be addressed by a separate confidentiality agreement but are 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.

## Benefit practices

While direct compensation levels continue to rise within the single family office space, broader benefits, and perquisites have generally lagged behind the financial services industry. Note, more complex family offices do compare more favorably to asset management firms in many ways (i.e., insurance, family benefits, PTO and retirement). However, in general, family offices are playing catch-up when comparing “total reward” offerings against a wide range of asset management firms, based on results from *McLagan’s 2021 Benefits Study*.

Not surprisingly, 100% of asset managers provide medical coverage. Preferred Provider Organizations (PPOs) were the most offered coverage. Of those organizations, ~25% of firms cover the full cost of medical coverage while the remaining firms typically cover up to 80% of premiums.

Only 92% of family office participants provided medical insurance. Smaller family offices (i.e., less than \$300M) were more likely to not provide medical coverage for staff.

Figure 63

### PREVALENCE OF FAMILY BENEFITS BY AUM

Across all participating family offices, 53% of respondents offer paid maternity leave. Comparatively, 100% of the asset management firms that participated in McLagan’s survey offered paid maternity leave, typically between 12-16 weeks. Additionally, ~90% of firms offered paternity leave, which was generally 2-4 weeks.

FAMILY BENEFITS	ALL	\$1 BILLION OR MORE	\$500 MILLION TO \$999 MILLION	\$300 MILLION TO \$499 MILLION	\$299 MILLION OR LESS
Maternity	53%	72%	58%	53%	31%
Paternity	38%	56%	44%	29%	22%
Adoption	6%	15%	2%	3%	3%
Fertility	3%	6%	2%	0%	3%

Figure 64

### PREVALENCE OF PAID TIME OFF PTO BY AUM

Paid Time Off (PTO) is another essential benefit offered by financial services firms. In fact, 95% of McLagan’s survey participants have formal PTO policies, compared to only 61% of Forge family office survey participants. Financial services firms typically offer between 20-30 days of total PTO (includes holiday, vacation, sick leave, etc.).

PTO	ALL	\$1 BILLION OR MORE	\$500 MILLION TO \$999 MILLION	\$300 MILLION TO \$499 MILLION	\$299 MILLION OR LESS
Holiday	85%	93%	88%	82%	78%
Vacation	71%	78%	67%	66%	70%
Sick	61%	65%	60%	61%	57%
PTO	61%	57%	69%	63%	57%

Figure 65

**PREVALENCE OF QUALIFIED RETIREMENT PLAN BY AUM**

Most family office survey participants indicated they offered a 401(k) plan. This number is even higher (97%) for the most complex family offices. This is inline with McLagan’s benefits survey for asset managers. Of the asset managers that participated, ~ 85% also offered a 401(k) match to employee contributions.

QRP	ALL	\$1 BILLION OR MORE	\$500 MILLION TO \$999 MILLION	\$300 MILLION TO \$499 MILLION	\$299 MILLION OR LESS
401(k)	83%	97%	90%	82%	66%

Figure 66

**PREVALENCE OF EXECUTIVE / OTHER BENEFITS**

OTHER BENEFITS	ALL	\$1 BILLION OR MORE	\$500 MILLION TO \$999 MILLION	\$300 MILLION TO \$499 MILLION	\$299 MILLION OR LESS
Work/Life	48%	38%	42%	50%	63%
Professional Education	48%	49%	48%	47%	48%
Tuition	31%	49%	29%	24%	19%
Commute	0%	0%	0%	0%	0%
Pet Insurance	4%	6%	6%	0%	1%



# Explanation of data



## Explanation of data

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

---

<b>Annual incentive</b>	This is the annual incentive or bonus paid to employees, typically for the prior year's performance.
<b>Annual incentive actual</b>	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%.
<b>Annual incentive target</b>	This is the defined opportunity level for annual bonus/incentive, expressed as a percentage of base salary for executives with an annual incentive target.
<b>Base salary</b>	This is the annual fixed compensation paid to executives.
<b>Family office, family offices</b>	This refers to the 241 family offices that participated in the survey.
<b>Long-Term incentive (LTI)</b>	This is the annualized value of a bonus payment awarded to an employee, which typically vests over a period of three to five years.
<b>LTI actual</b>	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%.
<b>Supplemental executive retirement plan (Serp)</b>	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.
<b>Total cash compensation</b>	This is base salary plus the bonus paid for the prior year.
<b>Total compensation</b>	This is base salary plus annual bonus plus the annual value of LTI.

---



**FORGE Community LLC**  
Forgecommunity.com  
info@forgecommunity.com



**McLagan – An Aon Company**  
Mclagan.Aon.com  
info@mclagan.com

For additional resources and insights, please contact [info@forgecommunity.com](mailto:info@forgecommunity.com)

The Forge Community provides products, services, content and tools as a service to its affiliates and as a subsidiary of FMR LLC. Unless otherwise indicated, the information and items published on this web site are provided by Forge Community and are not intended to provide tax, legal, insurance or investment advice and should not be construed as an offer to sell, a solicitation of an offer to buy or a recommendation for any security by any Fidelity entity or any third-party. In circumstances where Forge Community is making available either a product or service of an affiliate through this site, the affiliated company will be identified. Third party trademarks appearing herein are the property of their respective owners. All other trademarks are the property of FMR LLC.

©2017-2021 The Forge Community LLC | All rights reserved

995404.1.0