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S&P 500 CFOs' Reported Compensation: 2021-2024

CFO compensation generates considerable interest among Compensation Committees, investors and other interested parties. Interest is high given the intrinsic importance of the role but also because CFOs tend to act as a bellwether for trends in other (non-CEO) compensation practices. This Meridian Insight considers CFO compensation among S&P 500 companies from 2020 through 2023 (based on proxy statements filed in 2021-2024).

Executive Summary

Key Takeaways:



Median total compensation in 2023 was \$4.9M

- The median compound annual growth rate of CFO total compensation since 2020 was 5.9%, but only 3.2% since 2021 with the impact of the pandemic.



Pay increased throughout this period albeit somewhat unevenly post-pandemic

- Salaries grew at ~3.6% annually while grant values of LTI have grown 6.3% annually.



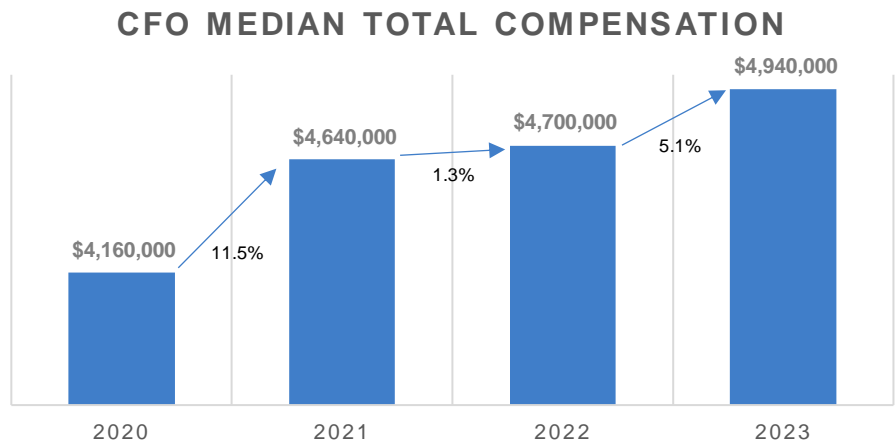
Newer CFOs (similar to other roles) earn less than experienced CFOs

- Total compensation for CFOs hired in 2021-2023 vs. those hired in 2020 dropped, suggesting higher compensation was required to attract a new CFO at the height of the pandemic than in later years.

Median Pay of S&P 500 CFOs

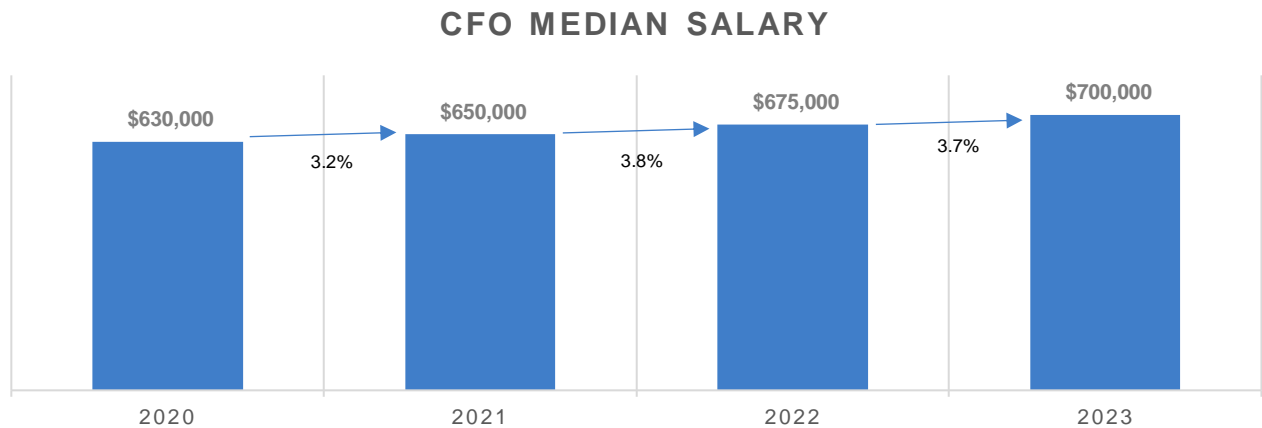
Compound annual growth of median total compensation for S&P 500 CFOs was 5.9%. However, this growth rate was likely distorted somewhat due to the impact of the pandemic and reported pay levels for 2020. In contrast, CAGR for 2021-2023 was 3.2%.

The chart illustrates the median total compensation for S&P 500 CFOs for 2020-2023:



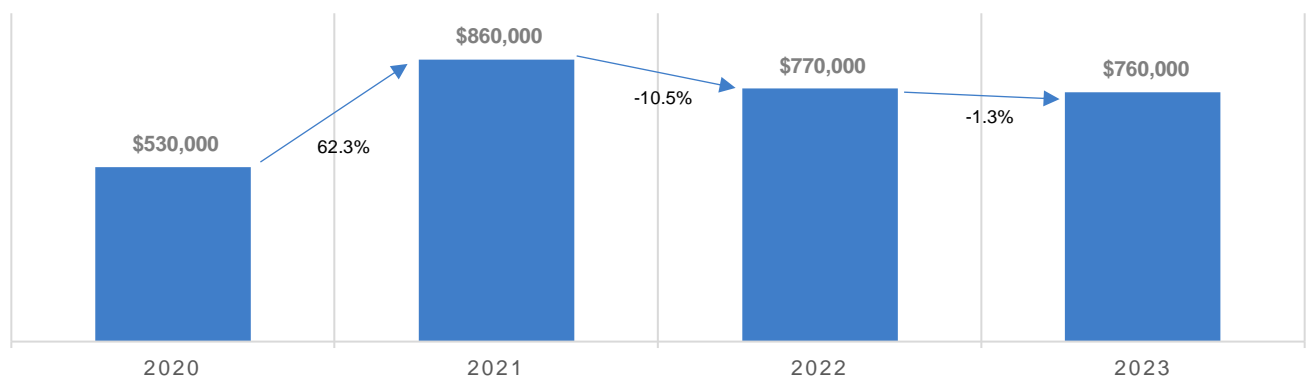
Note: Meridian's study of CFOs' during 2020-2023 included all individuals who served as CFO. Thus, both those who were leaving and those who were newly hired were included in the figures presented. We used the Summary Compensation Table amounts as disclosed. We have used the median for the various elements of compensation reported. All amounts are rounded to the nearest \$10,000.

CFO salaries increased each year during the period reviewed but the CAGR was generally modest at 3.6%.



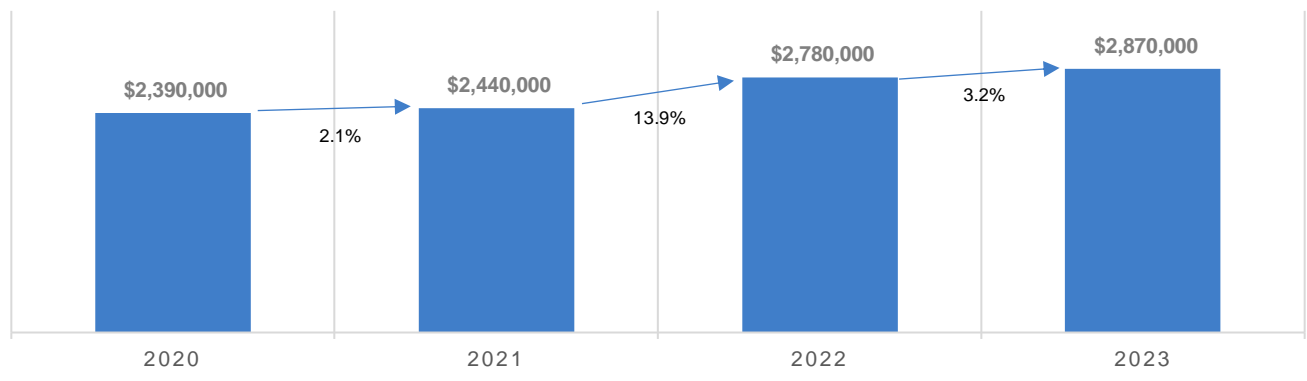
Importantly, annual incentives (unlike long term incentives) are reported at their earned value reflecting performance for each year. Median annual incentives increased from 2020 to 2021 and then dropped by ~10% for 2022 and remained relatively flat through 2023. The increase from 2020 was as expected given impact of pandemic in 2020. The decrease from 2021 to 2022 may have been due to companies moving back to more rigorous annual incentive plan goals as economic conditions improved.

CFO MEDIAN ANNUAL INCENTIVE

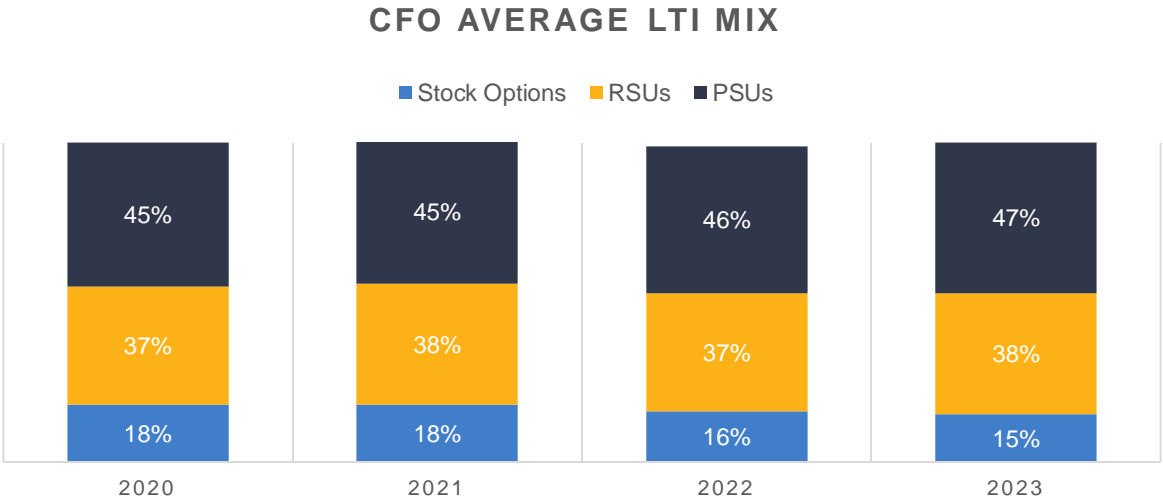


Long term incentive values have increased each year from 2020-2023, consistent with a broader trend to increase the weighting to long-term, at-risk compensation. Over this period the CAGR was 6.3%.

CFO MEDIAN LTI

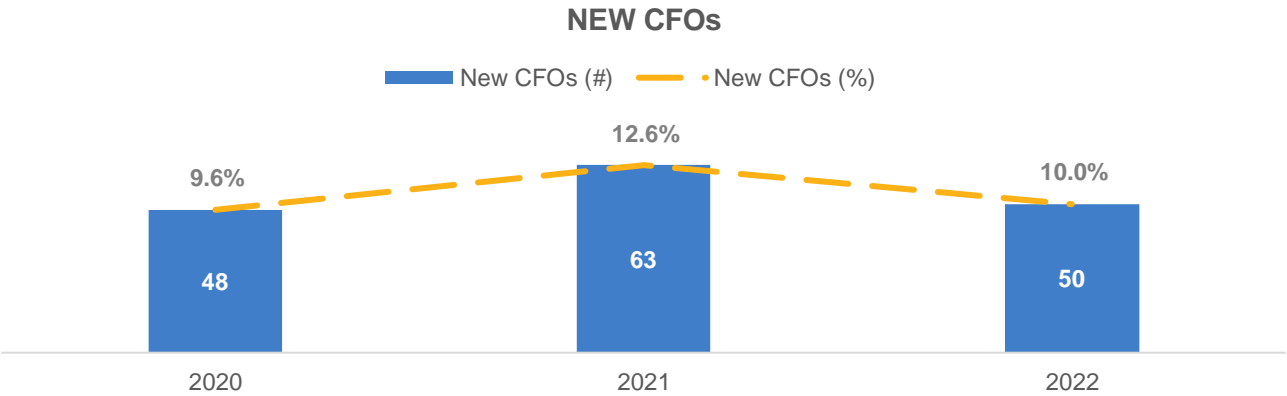


The **average** mix of LTI has remained largely unchanged for this period and for the last decade or more but varies by industry, individual company outlook, and industry-specific macroeconomic conditions.

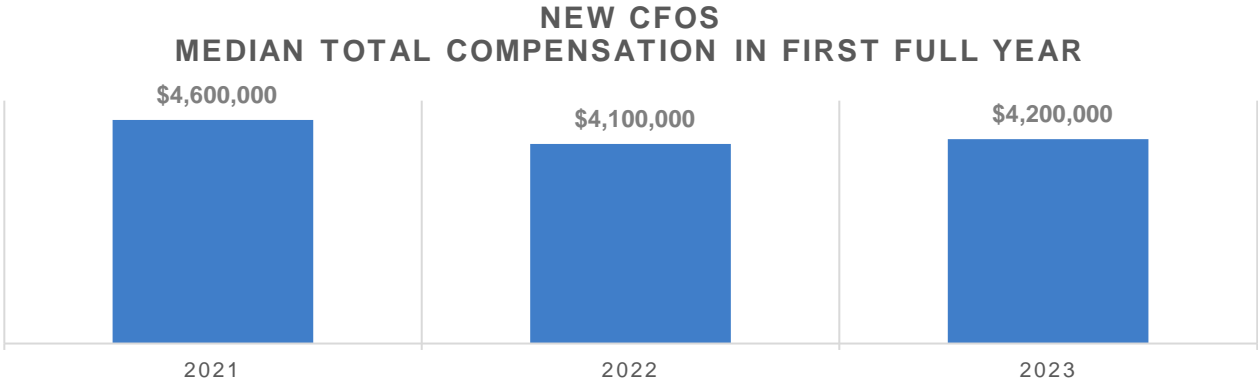


CFO Transition

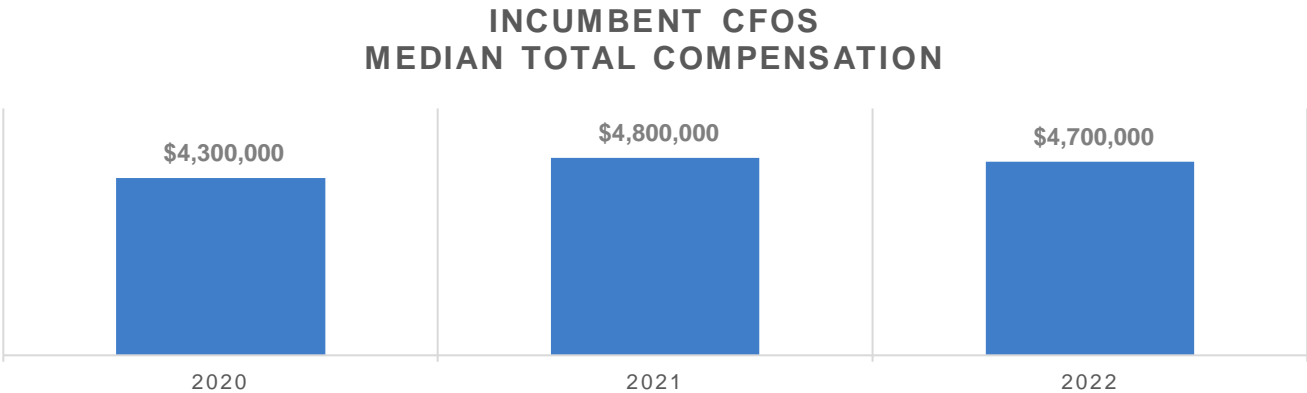
About 10% of S&P 500 had new CFOs each year, though that rose to nearly 13% in 2022.



The median total compensation of new CFOs for their first full year of employment was lower from 2021 to 2022 and then remained relatively flat into 2023. This suggests that during the height of the pandemic (2020), it required higher compensation to attract a new CFO than it did post-pandemic. A similar pattern was observed for CEOs as well during this period.



Incumbent CFOs earned above median pay in each year and much more than the new CFOs earned during their first full year of employment. This is consistent with our experience that compensation for newly promoted CFOs tends to ramp up over 2 to 3 years as they become more experienced in the role.



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