



# Today's Agenda

- 01** Governance and board compensation
- 02** Family office benefits
- 03** Family office compensation
- 04** Long term incentive trends



**David F. Toth**  
Family Office Exchange



**Eric Gonzaga**  
Grant Thornton



**Mishu Din**  
Family Office Exchange

## Audience question #1

How would you rate the overall effectiveness of the total compensation program at your family office?

- A. Extremely effective
- B. Very effective
- C. Effective
- D. Not very effective
- E. Not at all effective



© 2024 FAMILY OFFICE EXCHANGE

3

## Audience question #2

What are your top talent management priorities for the coming year (2025)?

(select all that apply)

- A. Recruiting
- B. Build or expand talent development
- C. Revise short term compensation plan
- D. Develop long term incentive plan

### Audience question #3

What is the most common barrier to staying current with compensation and benefit plans? (select all that apply)

- A. Lack of comparative market data
- B. Slow internal approval processes
- C. Unclear on how to develop a competitive model
- D. Lack of buy-in from the Principal and/ or CEO



© 2024 FAMILY OFFICE EXCHANGE

5

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Survey overview: conducted in three parts

### Part 1: July 8 – September 11, 2024

#### Board, trustee and committee compensation

Looked at the governing structures (e.g. boards, committees, etc.) of families and family offices, the makeup of personnel serving in these governing structures, and (if applicable) their compensation for services.

128 responses

150+

unique family offices across the 3 parts

### Part 2: August 1 – September 27, 2024

#### Family office staff benefits

Asked offices about their benefits, work environments, and PTO plans.

96 responses

~\$1B

Average AUM of respondents

### Part 3: August 19 – October 30, 2024

#### Family office staff compensation

Collected detailed office position compensation data, as well as some general office demographics.

94 responses

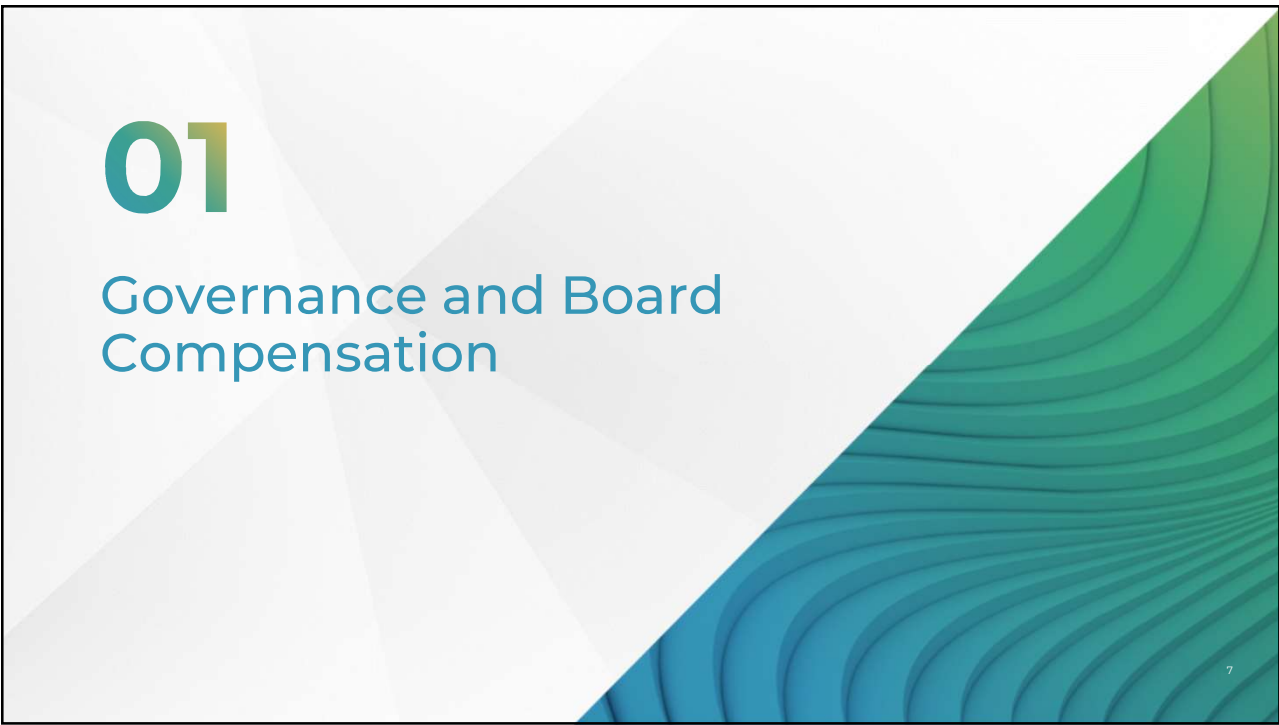
50%

respondents have AUM > \$500m

33%

respondents are small offices (6 full time employees or else)

Some questions were not applicable to all participants. In some cases, the number of responses decreases substantially enough to warrant caution when reading summary statistics. The notation "(n=xx)" is used in these cases to indicate that the data is not from the full sample of those being asked. Readers are encouraged to interpret these results as directional and determine how best to apply any insights to their specific situation. A full list of questions and the number of responses per question is in the appendix.



## Key takeaways

### GOVERNANCE COMPENSATION

- ❑ Compensation varies notably depending on the governance structure and the role of the member. FO executives tend to receive higher compensation compared to other roles across boards and committees.
- ❑ Additionally, external experts commanding much higher pay, reflecting the value of their expertise and the professionalized nature of certain roles, especially for investment committees and operating company boards.

### OPPORTUNITIES FOR IMPACT

- ❑ Compensation committees are rare across family offices. When they exist, they meet twice a year on average and only for a few hours.
- ❑ There may be an opportunity to use this resource to advance recruiting and talent retention strategies in family offices.

### INVESTMENT COMMITTEES

- ❑ Investment committees have the most diverse membership compared to other governance structures. They include a variety of roles such as blood family members, spouses/partners, family office executives, and external board members.
- ❑ They also meet more frequently than other governance structures, with an average of 8 meetings per year.



DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

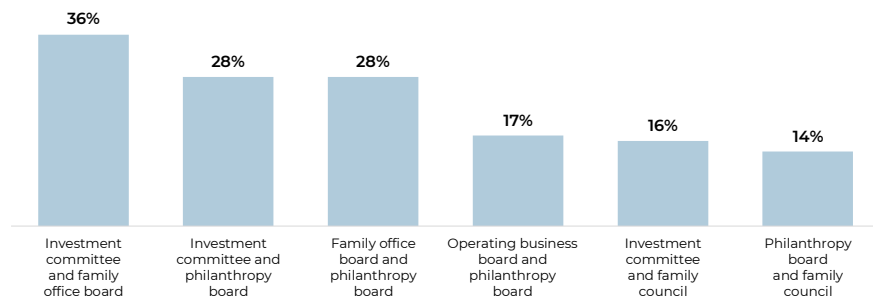
## Governance structures reflect the uniqueness of families

128 family office participants

89 of participants use at least one type of governance structure

65 unique combinations of the 11 governance structures

% using the top 6 most common combinations of governing structures



© 2024 FAMILY OFFICE EXCHANGE

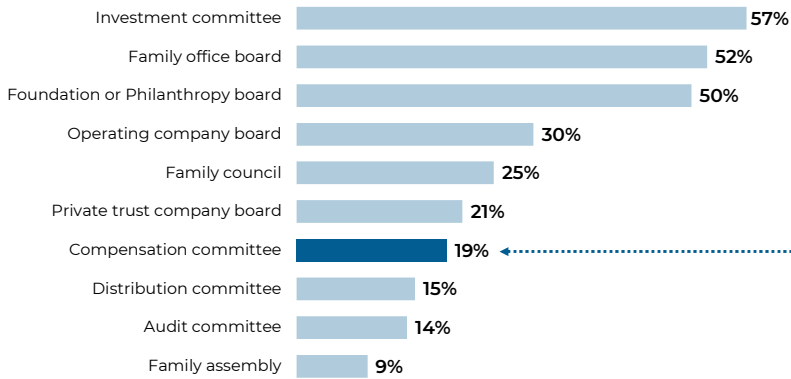
2024 Compensation & Benefits Survey – Part 1 – Do you have a(n) \_\_\_\_\_ board/committee? (n=2-128)

9

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Governing committees have grown, however compensation committees remain less common

### % of offices with most common governance structures

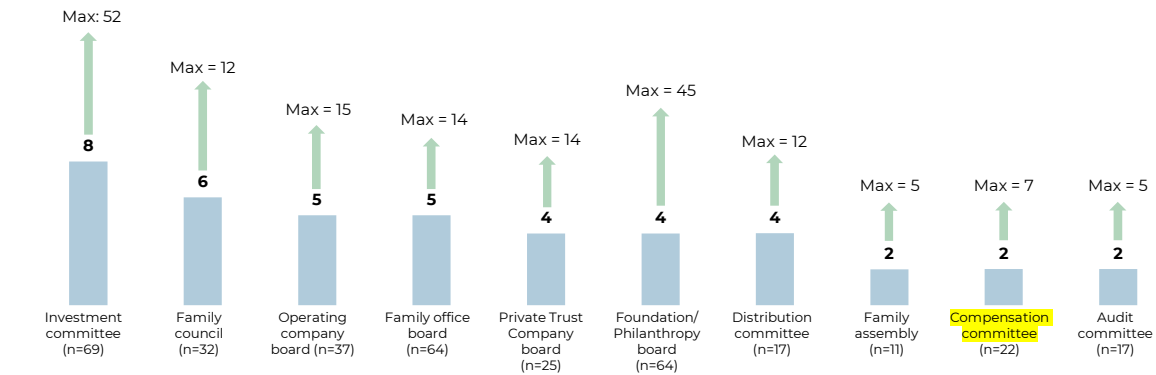


**19%**  
Compensation committee

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Investment committees meet most frequently, while compensation committees meet less frequently

Average number of board and committee meetings per year



© 2024 FAMILY OFFICE EXCHANGE

2024 Compensation & Benefits Survey – Part 1 – Approximately, how many times per year does the \_\_\_\_\_ board/committee meet?

11

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Compensation for family-controlled entities is less common for non-executive family members

% of offices paying board members by structure and role	n	Family members				Executives		Non-family members		
		Board Chair	Blood family members	Spouses and partners	Other non-blood family members	Family office executives	Family business executives	External board members	Trustees	Other role
Family office board	1-21	<b>32%</b>	23%	5%	0	12%	1%	23%	6%	0%
Foundation/philanthropy board	1-6	<b>9%</b>	8%	1%	0	6%	1%	6%	0	2%
Operating company board	1-18	39%	24%	0	0	11%	5%	<b>47%</b>	0	0
Family council	1-4	<b>12%</b>	6%	0	0	1%	0	1%	0	0
Private trust company board	1-17	30%	15%	7%	0	0	4%	<b>63%</b>	11%	0

Highest cell per structure have been assigned a darker shade.



© 2024 FAMILY OFFICE EXCHANGE

2024 Compensation & Benefits Survey – Part 1 – Please enter compensation information for the \_\_\_\_\_ board \_\_\_\_\_ member.

12

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Pay varies by role and entity across governance structures

Average compensation by board or committee and role

Annual compensation		Family members				Executives		Non-family members		
		Board Chair	Blood family members	Spouses and partners	Other non-blood family members	Family office executives	Family business executives	External board members	Trustees	Other role
Family office board	Annual	\$187,809	\$99,533	\$19,000	0	<b>\$483,650</b>	\$15,000	\$51,333	\$68,750	\$0
	Per meeting	\$3,961	\$3,850	\$2,600	0	\$2,400	0	\$11,071	\$5,000	<b>\$25,000</b>
Investment committee	Annual	\$133,666	\$52,196	0	0	\$339,000	<b>\$375,100</b>	\$52,093	\$70,000	\$285,000
	Per meeting	\$8,375	\$3,719	\$200	0	\$2,283	0	<b>\$16,858</b>	\$2,500	0
Operating company board	Annual	\$169,664	\$129,522	0	0	<b>\$299,303</b>	\$133,627	\$80,589	0	0
	Per meeting	\$7,550	\$5,742	\$7,500	0	\$850	<b>\$8,675</b>	\$7,477	0	0
Foundation/philanthropy board	Annual	\$75,733	\$40,720	\$25,000	0	<b>\$230,500</b>	\$57,353	\$45,850	0	\$7,500
	Per meeting	<b>\$20,000</b>	\$7,500	0	\$5,000	0	0	\$1,675	0	0
Family council	Annual	\$49,500	\$20,900	0	0	<b>\$109,000</b>	0	\$60,000	0	0
	Per meeting	\$4,125	\$941	\$150	<b>\$5,000</b>	\$500	0	\$3,500	0	0



© 2024 FAMILY OFFICE EXCHANGE

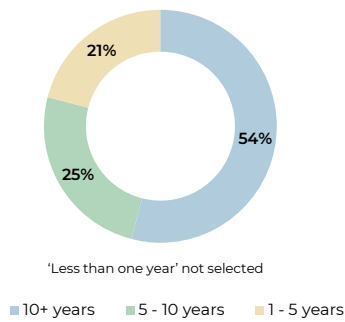
2024 Compensation & Benefits Survey - Part 1 - Please enter compensation information for the \_\_\_\_\_ board/committee \_\_\_\_\_ member.

13

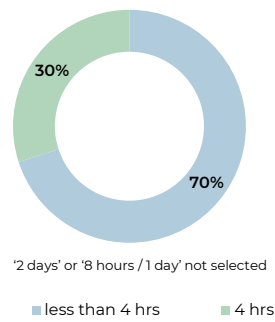
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Compensation committee demands are relatively light

The board has existed for how long?



Average meeting duration

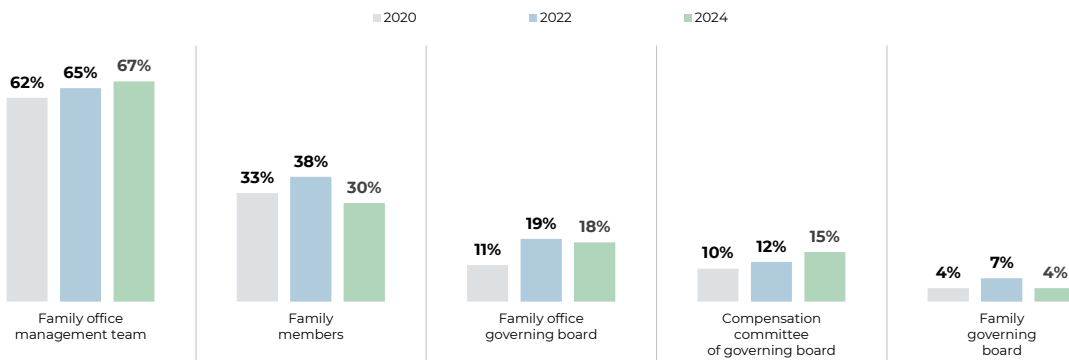


**2.1**  
Average number of meetings per year

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## FO management and compensation committees have a growing influence in compensation decisions

% of offices indicating each group as a compensation decision maker (n=1-81)







DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Key takeaways

### FLEXIBLE WORK OPTIONS

- ❑ While 75% of offices are offering work-from-home options and 67% providing flexible working hours, WFH growth has tapered off.
- ❑ The number of employees working three days a week in the office has increased to 48% in 2024, compared to 32% in 2022.

### PROFESSIONAL DEVELOPMENT

- ❑ Family offices are investing more in professional development, with the average budget increasing from \$20,000 in 2020 to \$42,160 in 2024.
- ❑ The budgets cover workshops, conferences, and continuing professional education, among other activities.

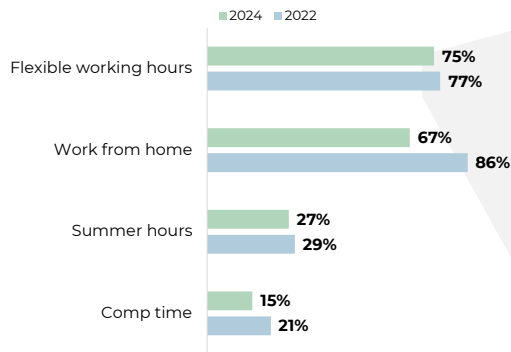
### INSURANCE COVERAGE

- ❑ The expansion of insurance coverage, including life and disability insurance, can also be a draw for new talent, as it provides additional security and benefits.

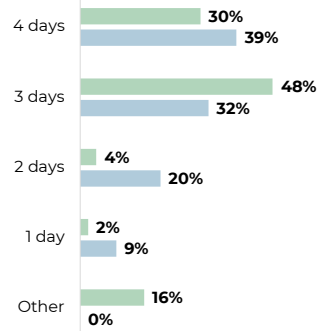
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Three days a week in the office has increased while 4 days has decreased since 2022

Flexible work options available to employees (n=14-72)



Number of days in the office (n=44)

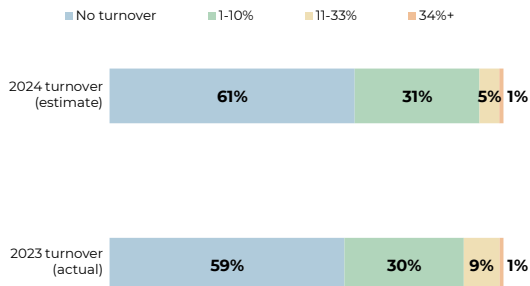


11 respondents mention having up to 60% fully remote employees

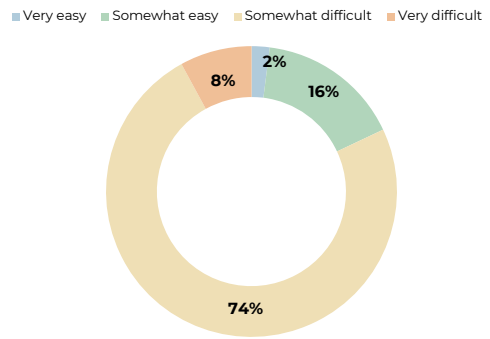
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

# Turnover is not a major concern, but finding new talent is

Comparing 2023 and 2024 turnover (n=95)



Perceived level of difficulty finding new talent (n=95)

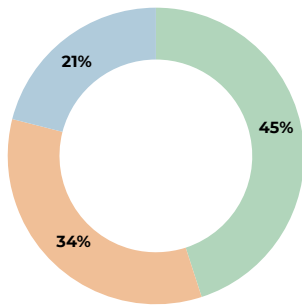


DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Structured onboarding in family offices has increased since 2022

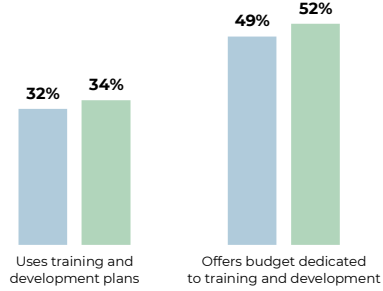
Presence of structured onboarding process (n=95)

Yes No Working on it



% with training and development (n=94)

2022 2024



© 2024 FAMILY OFFICE EXCHANGE

20

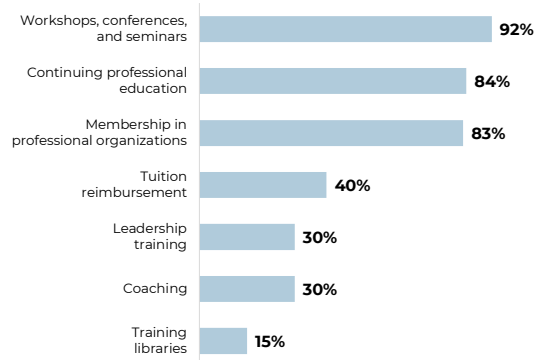
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Professional development budgets continue to increase

Comparing professional development budgets by year (n=38)

	Average	Median
2020 (n=114)	\$20k	\$10k
2022 (n=99)	\$30k	\$20k
2024 (n=38)	\$42K	\$20K

What's covered in the professional development budget (n=14-88)



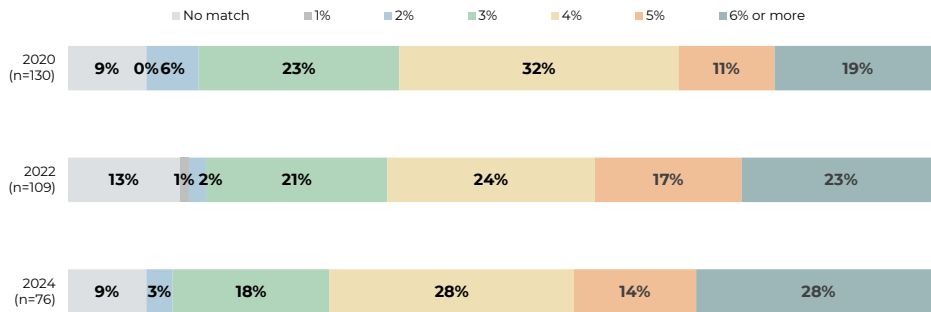
© 2024 FAMILY OFFICE EXCHANGE

21

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

# Retirement match becomes more generous

% of offices offering (n=76)



**79%**  
are using  
a defined  
contribution  
plan

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Time off increases and becomes more flexible to use



DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Family offices cover more employees with insurance

	<b>% covered by the office</b> (2023, n=23-68)	<b>% covered by the office</b> (2021, n=109)	<b>Median premium charged by carrier</b> (2023, n=24-60)	<b>Median premium charged by carrier</b> (2021, n=109)
Medical: Individual	92%	81%	\$920	\$1,062
Medical: Individual + one	89%	79%	\$1,877	\$1,990
Medical: Family	86%	84%	\$3,047	\$3,588
Dental: Individual	84%	78%	\$42	\$60
Dental: Individual + one	83%	77%	\$71	\$106
Dental: Family	83%	81%	\$182	\$218
Vision: Individual	76%	64%	\$8	\$10
Vision: Individual + one	73%	56%	\$14	\$16
Vision: Family	77%	72%	\$26	\$49



DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Coverage of life and disability insurance increases

	<b>% covered by the office</b> (2021, n=109)	<b>% covered by the office</b> (2023, n=39-55)	<b>Median premium charged by carrier</b> (2021, n=109)	<b>Median premium charged by carrier</b> (2023, n=31-42)
Life Insurance	95%	94%	\$96	\$205
Accidental Death and Dismemberment	91%	98%	\$10	\$31
Short-term Disability	88%	93%	\$75	\$50
Long-term Disability	88%	91%	\$238	\$270

2024 COMPENSATION AND BENEFITS SURVEY CHART PACK

03

# Family office staff compensation

**FOX** © 2024 FAMILY OFFICE EXCHANGE

26

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Key Takeaways

### SHIFT TOWARDS MERIT-BASED INCREASES

- ❑ Participating family offices show a preference for merit-based salary increases over cost-of-living adjustments.
- ❑ This trend is evident across both small and large offices, with merit increases being offered by 86% of offices in the survey.

### LONG-TERM INCENTIVES

- ❑ There is a growing focus on long-term incentives, with 67% of offices considering revising compensation plans to include long-term incentives and 60% focusing on base salary adjustments.
- ❑ Tools like co-investment rights and phantom stocks are gaining popularity, reflecting a strategic focus on aligning employee interests with long-term organizational goals.

### INFLUENCE OF MANAGEMENT AND COMMITTEES

- ❑ The survey underscores the growing influence of family office management teams and compensation committees in shaping compensation decisions.
- ❑ The involvement of these committees suggests a move towards more transparent and accountable compensation practices, which can enhance trust and satisfaction among employees and stakeholders alike.



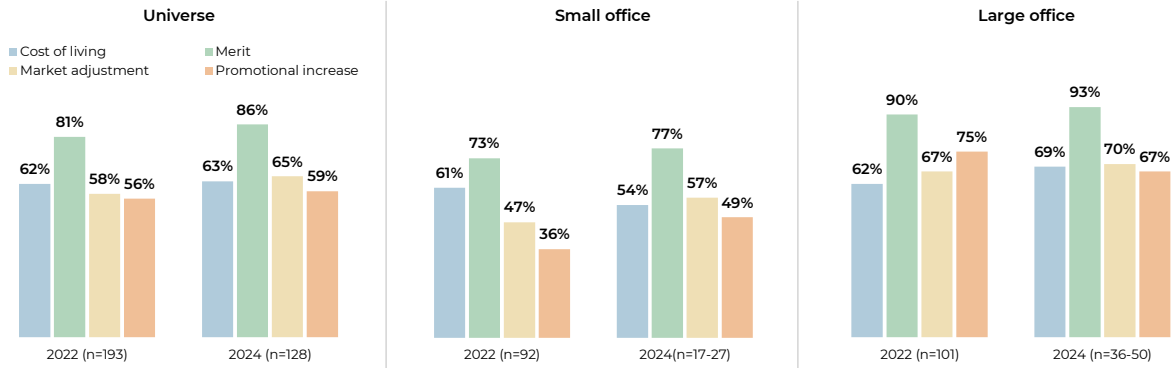
© 2024 FAMILY OFFICE EXCHANGE

27

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Merit increases were more popular in 2024, cost of living increases are trending down

% of offices offering each type of salary increase



DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Plans for 2025 salary increases on a position basis are lower

Salary increase percentages in 2023 and 2024, along with the expected increase in 2025.

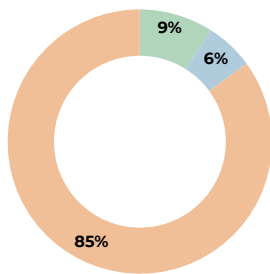
Position	2023 Average	2024 Average	2025 Average
C Suite/ Executive	7%	6%	5%
Management Role	7%	5%	5%
Non-Supervisory role	6%	6%	5%
Investment Professional	8%	5%	4%

DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## 2024 median salary increases were around 5%, and 15% mentioned an additional raise this year

% of offices giving additional increase in 2024 (n=88)

■ Already did so ■ Planning to do so ■ No



Median 2024 increase (universe)

	C-Suite or Executive	Management	Non-supervisory	Investment professional
2023	5%	5.5%	5%	5%
2024	5%	5%	5%	5%
2025	4%	4%	4%	5%

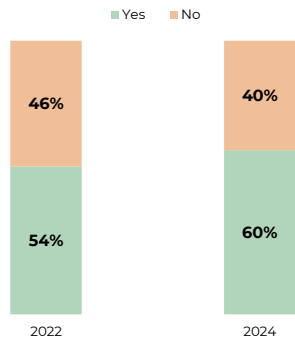
Median additional 2024 increase\*

	C-Suite or Executive	Management	Non-supervisory	Investment professional
2023	5%	4%	5%	5%
2024	7.5%	4%	5%	5%
2025	4%	7%	4%	5%

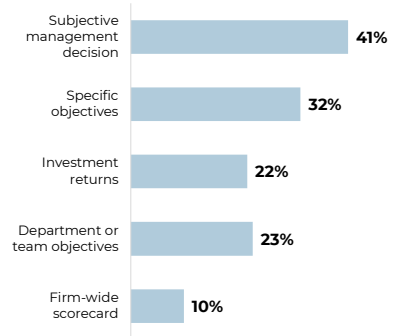
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## 60% of offices offer short-term incentives and a variety of methods are used to determine payment

% of offices offering short-term incentives (n=89)



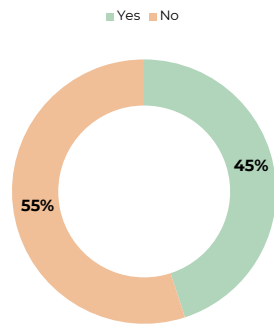
How short-term incentives are decided for a C-Suite or Executive staff member (n=9-37)



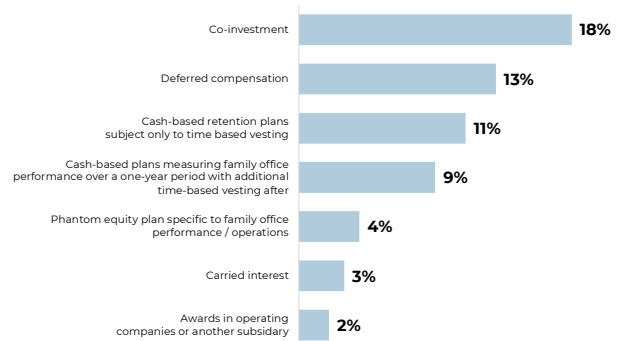
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Nearly half of the offices offer long-term incentives

% of offices offering long-term incentives (n=87)



Type of long-term incentives for a C-Suite or Executive staff member (n=9-37)

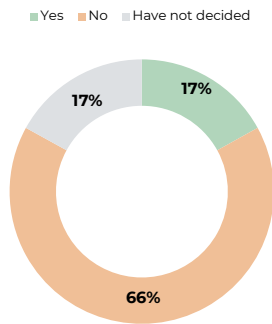




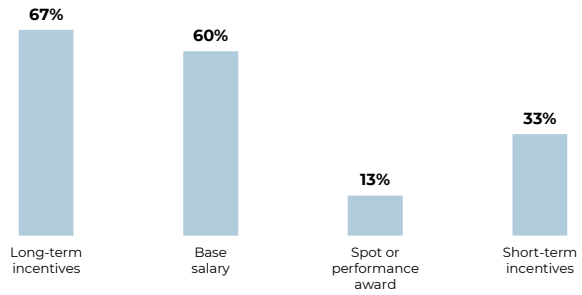
DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## For offices revising staff compensation, the focus is on long-term incentives and base salary

% of offices planning to revise comp plan (n=89)



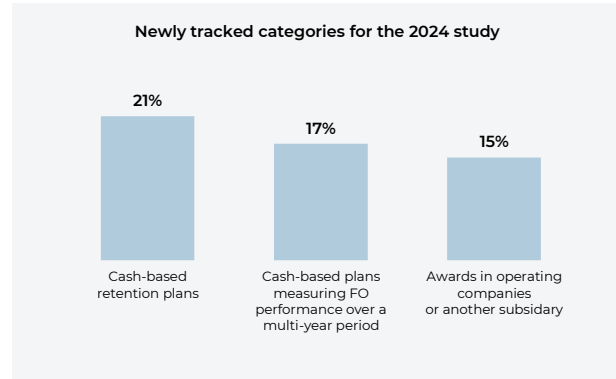
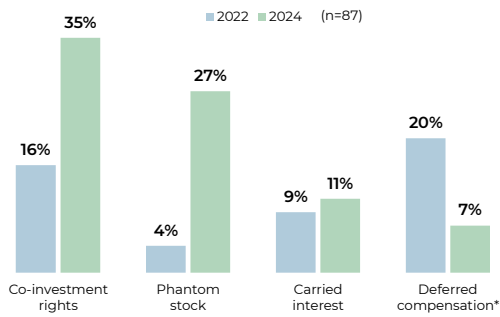
Elements of compensation that will be considered for revision (n=15)





DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

### Co-investment rights and phantom stocks have grown in popularity as an LTI tool while deferred compensation trended downwards



\*selected if amounts are payable upon separation from service or retirement\*

## 2025 Key Trends for Family Offices

- Grant Thornton has identified key themes that Family Offices will need to deal with in the near future:

Area	GT Commentary
<b>Comp and Benefits Budgets</b>	<ul style="list-style-type: none"> <li>▪ Continuation of above average salary increase budgets, projected between 3.6% to 4%, and enhanced interest in competitive security benefits</li> <li>▪ Although unemployment continues to rise to highest point since COVID, inflation and uncertain labor market continue to push pay up</li> <li>▪ However, market adjustments are targeted, as opposed to across the Board</li> </ul>
<b>Pay Equity and Transparency</b>	<ul style="list-style-type: none"> <li>▪ Organizations are reviewing pay equity with increasing frequency, generally on the radar and most organizations, if there has not been a study in the recent past</li> <li>▪ Wage ranges required to be disclosed in several states (e.g., Illinois, Minnesota, New York, California, Colorado), and expected to grow</li> </ul>



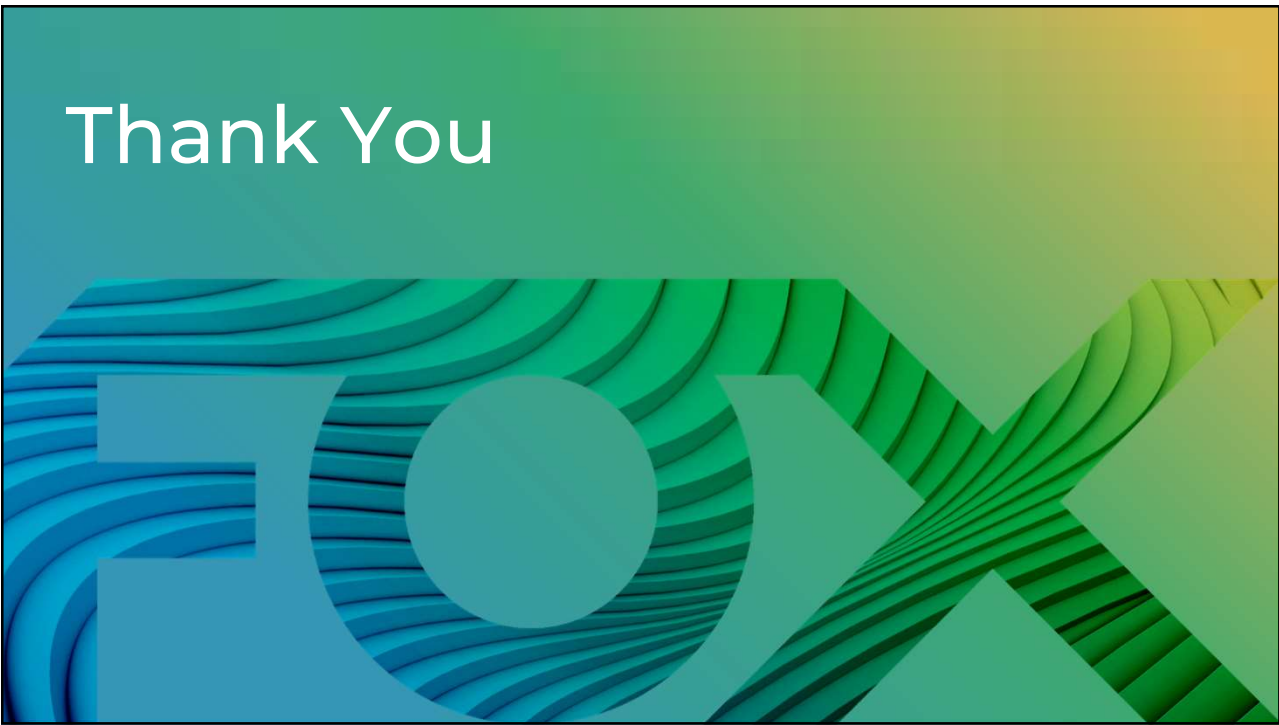
## 2025 Key Trends for Family Offices

- Grant Thornton has identified key themes that Family Offices will need to deal with in the near future :

Area	GT Commentary
<b>Annual/Variable Incentives</b>	<ul style="list-style-type: none"> <li>▪ Emerging practice to enhance or adopt incentives beyond executives to optimize retention/recruitment</li> <li>▪ Generally includes incentives that are tied directly to appropriate team incentive (group incentive) and individual performance – e.g., annual or quarterly incentives, recognition and rewards structured at a level that allows “line of sight”</li> </ul>
<b>Long-Term Incentives/Non-Qualified Deferred Compensation</b>	<ul style="list-style-type: none"> <li>▪ Cash-based long-term incentive, tied to balanced scorecard</li> <li>▪ Synthetic Equity tied to value creation</li> <li>▪ Co-investment</li> <li>▪ Employer funded retention incentives or supplemental retirement (particularly when no long-term incentive plan in place)</li> </ul>

## Non-Competes

- Initially intended to be effective September 4, 2024, the Federal Trade Commission enacted various rules that disallow non-competes, including for senior executives. After the effective date, no non-competes will be allowed, with an exception for already existing non-competes for senior executives. Currently, there is significant litigation over the FTC's enactment. Recently, the Supreme Court limited federal agencies', like the FTC's, ability to enact rules:
  - ***Loper Enterprises v. Raimondo (2024)***
    - US Supreme Court overturns Chevron Doctrine (1984). Chevron Doctrine offered two part test that was deferential to federal agencies in rulemaking. Supreme Court recently overturned this doctrine, requiring that federal agencies can act only on express delegation.
- FTC's ability to ban non-competes is currently subject to attack based on the overturning of the Chevron Doctrine (i.e., the FTC does not have the legal authority to pass the non-compete rules). Currently, there is inconsistency at the District Court level. Recently, one federal district court upheld the FTC's ability to enact rules, while another dismissed a case given that the court believed that it is unlikely that the FTC had the authority.



DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## David F. Toth

### President of Membership

David is the President of Membership Family Office Exchange (FOX) and is market leader for FOX's Wealth Advisor members. In his role, he serves as Co-Chair for Multi-Family Office and Integrated Wealth Advisor Councils. He also Co-Chairs the Strategic Chief Investment Officer Council, a peer group for family office CIOs.





DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Eric Gonzaga



### Principal, Human Capital Services Practice Leader

Eric is a principal and practice leader for the Human Capital Services (HCS) group in Minneapolis. He also serves as the National HCS leader for health care. Gonzaga specializes in total compensation strategies, having served as a board adviser for private equity and financial institutions; private and public sales, service, and manufacturing firms; and the array of health care provider, managed care and service organizations.



DEVELOPING AN EFFECTIVE TOTAL COMPENSATION PROGRAM

## Mishu Rahman Din

**Director of Research, Insights, and Knowledge**

Mishu is responsible for leading the development of FOX's Research products such as benchmarking and time-trended reports, thereby keeping FOX at the forefront of private wealth thought leadership. Mishu has over 20 years of research and strategy expertise spanning CPG, Financial Services, Telecom, and Media.

