



2020: A NEW EVOLUTION IN TOTAL REWARDS

NOVEMBER 14, 2019 | HR VIRTUAL SUMMIT

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2020 MARKET DYNAMICS

- Negative Press vs. Positive Press
- Proxy Statement vs. Bank Statement

- Income Inequality
- Gender Pay Gap
- Minority Pay Gap



- Proxy Voting
- Say-on-Pay Initiative

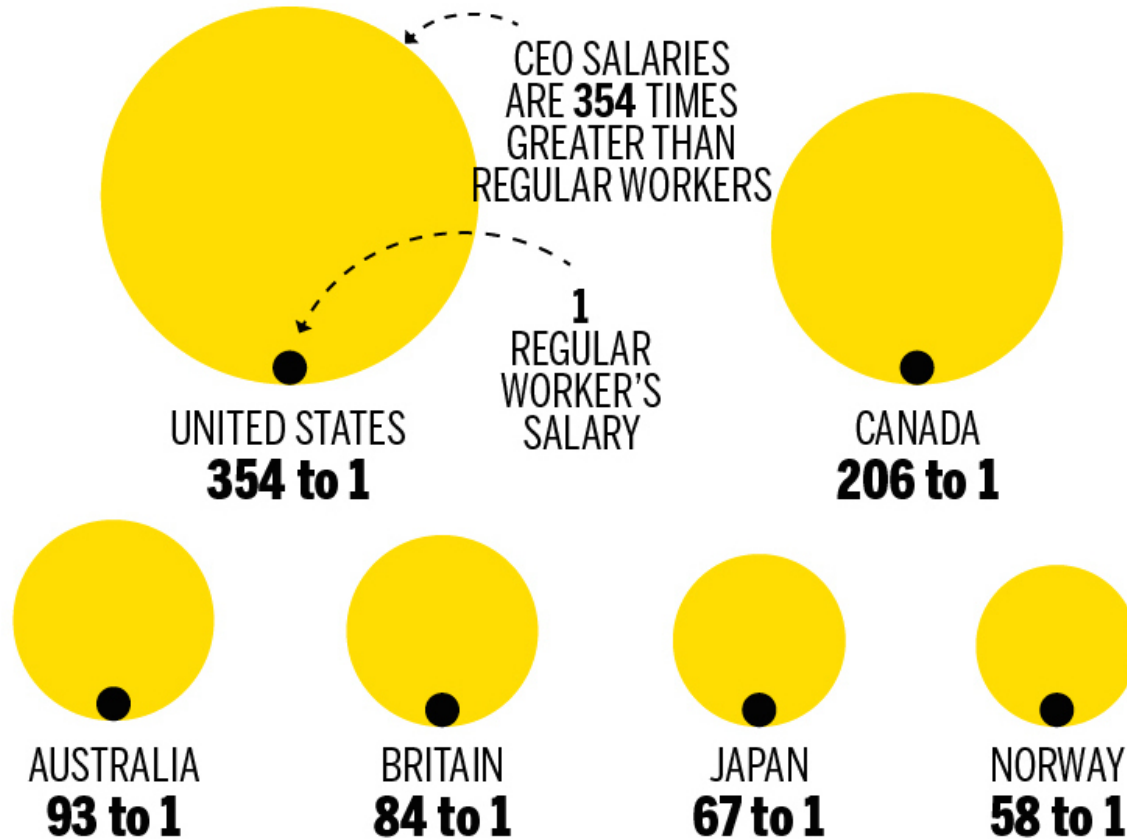
- Not-for-Profit Regulations

- More Time, More Recognition
- Employee Compensation Info Sharing

- 10-Year Bull Run
- Bloated Personal & Govt. Debt

POLITICAL DEBATE TOPICS: Income Inequality

How many average workers' salaries would it take to pay an average CEO salary? Canada has one of the highest ratios in the world.

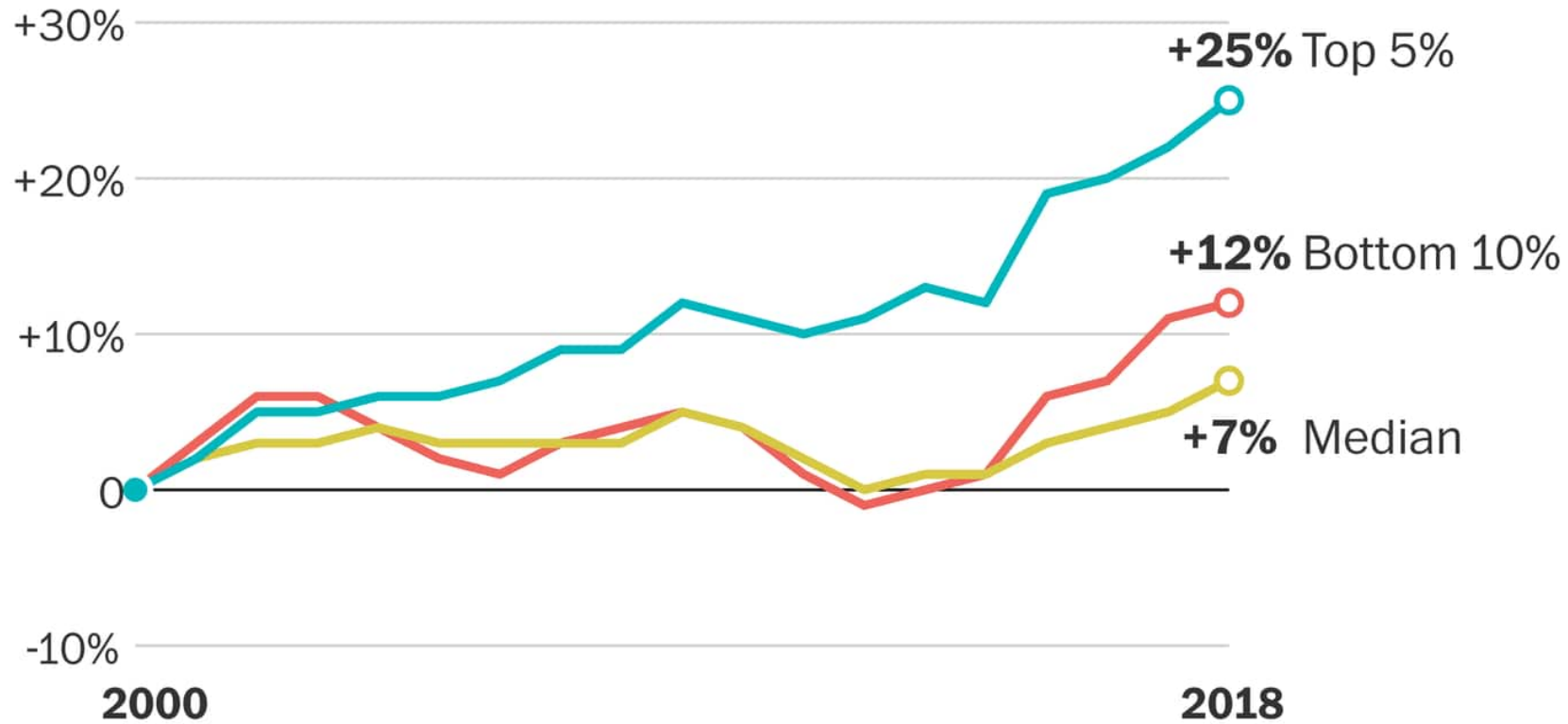


MACLEAN'S

SOURCES: AFL-CIO; U.S. BUREAU OF LABOR STATISTICS; OECD; NATIONAL STOCK MARKETS

Top earners continue to pull away from everyone else

Cumulative percent change in real hourly wages since 2000

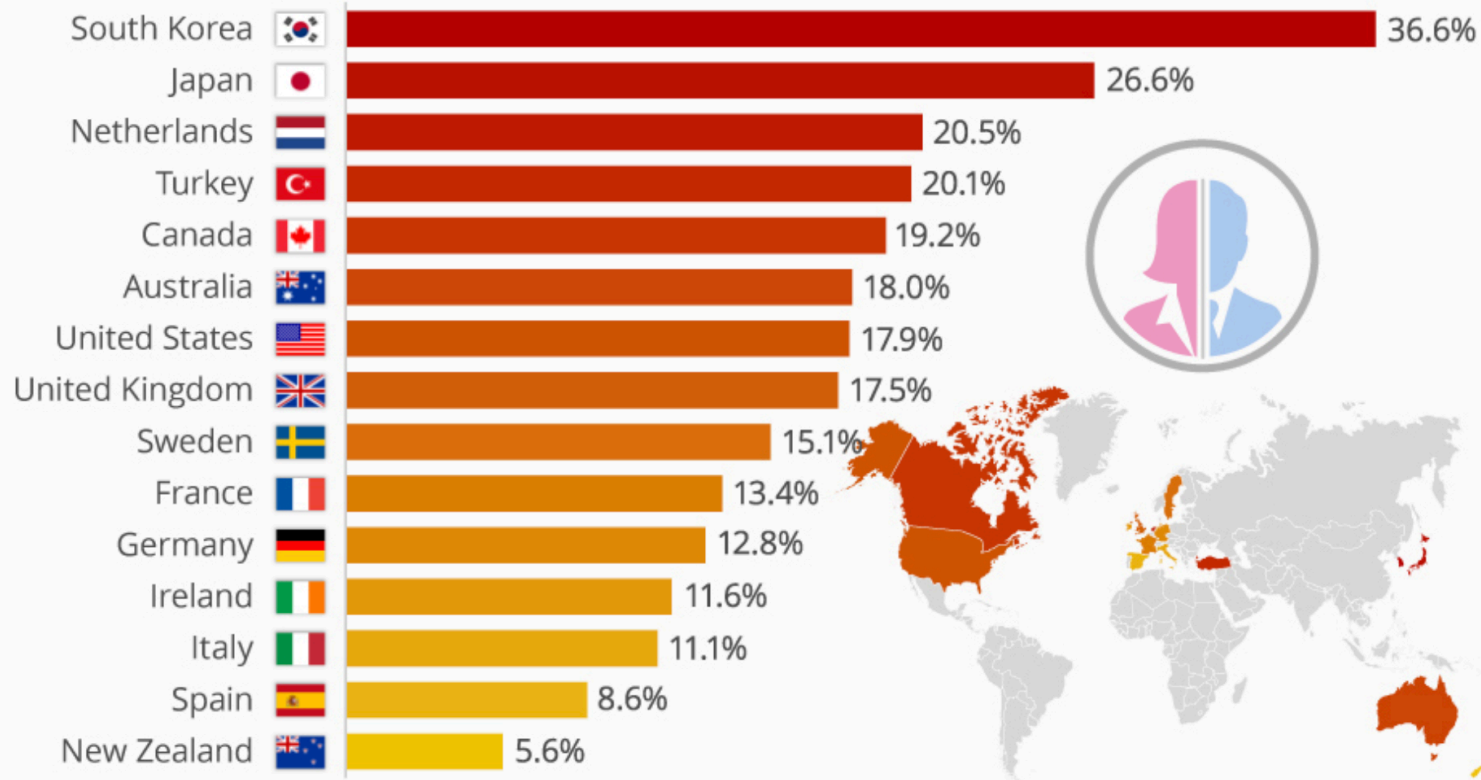


Source: Economic Policy Institute

THE WASHINGTON POST

The Gender Pay Gap In Developed Nations Visualized

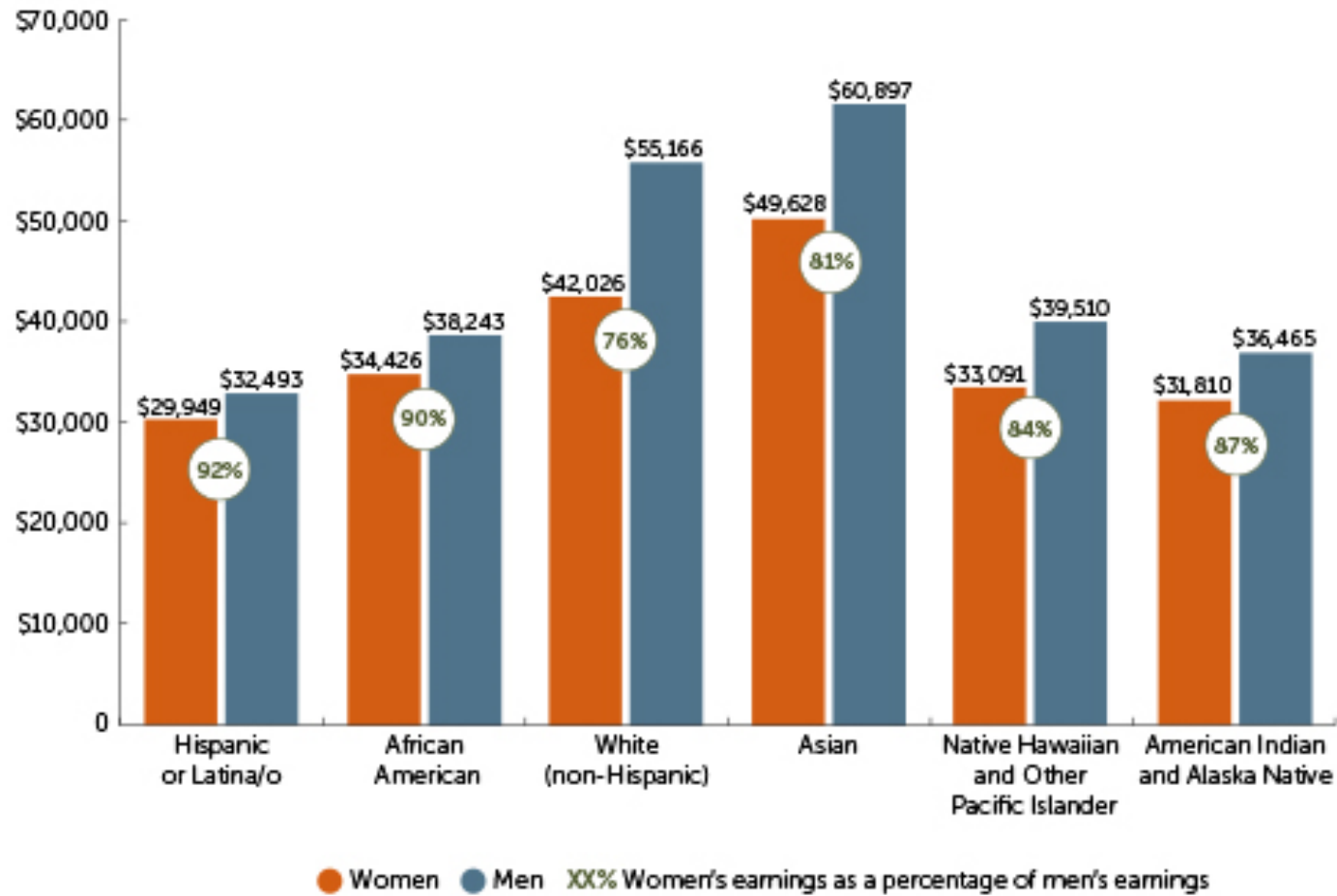
% difference in full-time earnings between men/women in selected OECD nations*



- **2020 TAKEAWAY:** The faster you get ahead of the gender pay equality curve and publish your good works, the better

POLITICAL DEBATE TOPICS: Minority Pay Gap

Median Annual Earnings, by Race/Ethnicity and Gender, 2015



Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates

LEGISLATION: Not-for-Profit Regulations

Who Cares?

- **IRS** – Protects against tax abuse
- **State Regulators** – Consumer Protection
- **Donors** – Concerned that appropriate portion of contribution is used in accordance with donative intent
- **Members** – Concerned that dues are used in accordance with member intent
- **Media** – Excessive compensation makes great news in current economic environment
- **Competitor Organizations** – The pool of available member donor funds is smaller than ever, creating competition for those funds
- **Competing Interests** – More than ever, nonprofit entities are seen as tools of political and social reform, and potential adversaries are looking at executive compensation as a means to tarnish public image.
- Your **Employees, Executives** and **Target Executives!**

LEGISLATION: Not-for-Profit Regulations

Reasonable Process & Reasonable Pay

1. Board or Committee Chair

- Annual cycle established
- Manageable number of committee members
- Designated process and responsibilities between board and management for:
 - Annual performance goal setting and assessment
 - Compensation planning and decisions systematically organized
 - Organization compensation philosophy
 - Organization compensation budget
 - Responsibilities of Committee versus Board designated

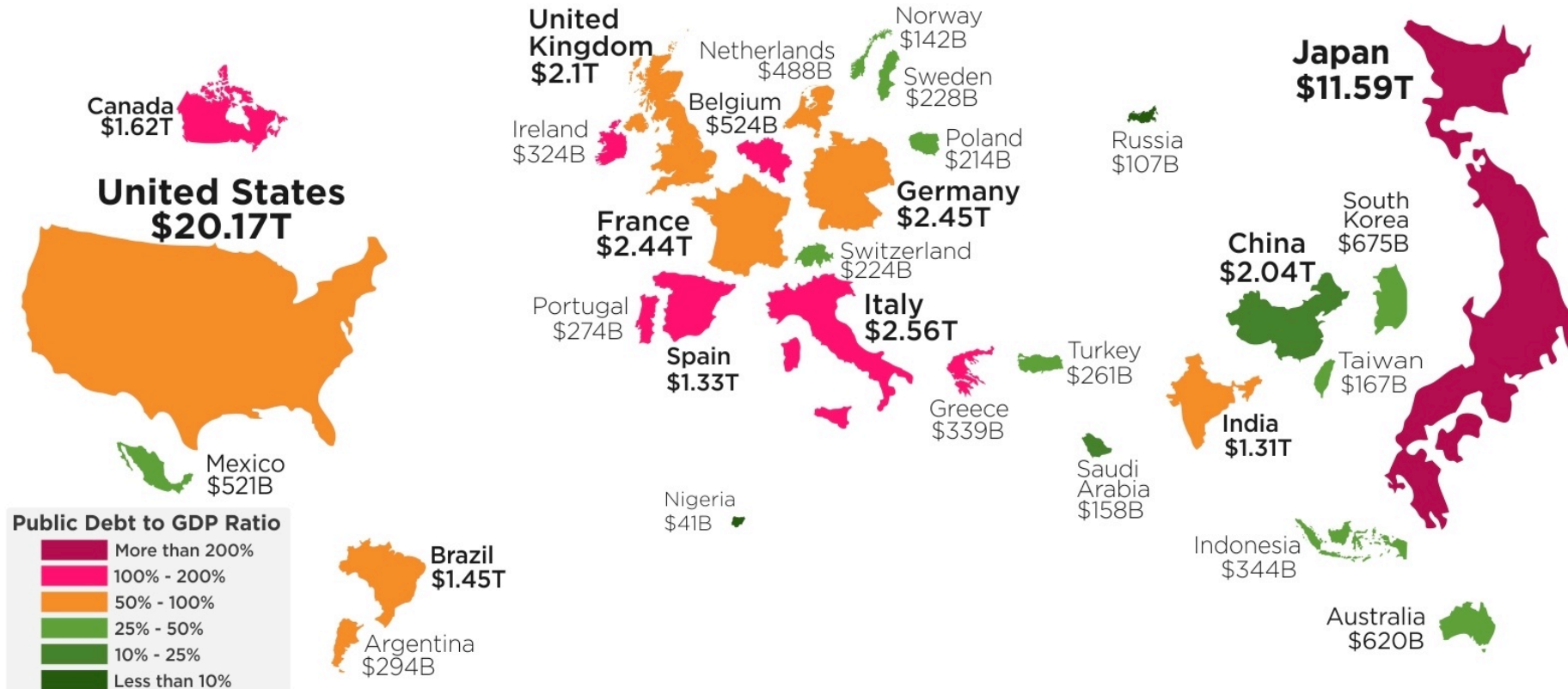
2. Process in place for addressing intermediate sanctions, the rebuttable presumption of reasonableness

MARKET VOLATILITY: 10-Year Bull Run



The Financial Impact of Sovereign Debt Around the World - 2017

This Map Shows Countries' Debt and Their Ability to Pay It Back

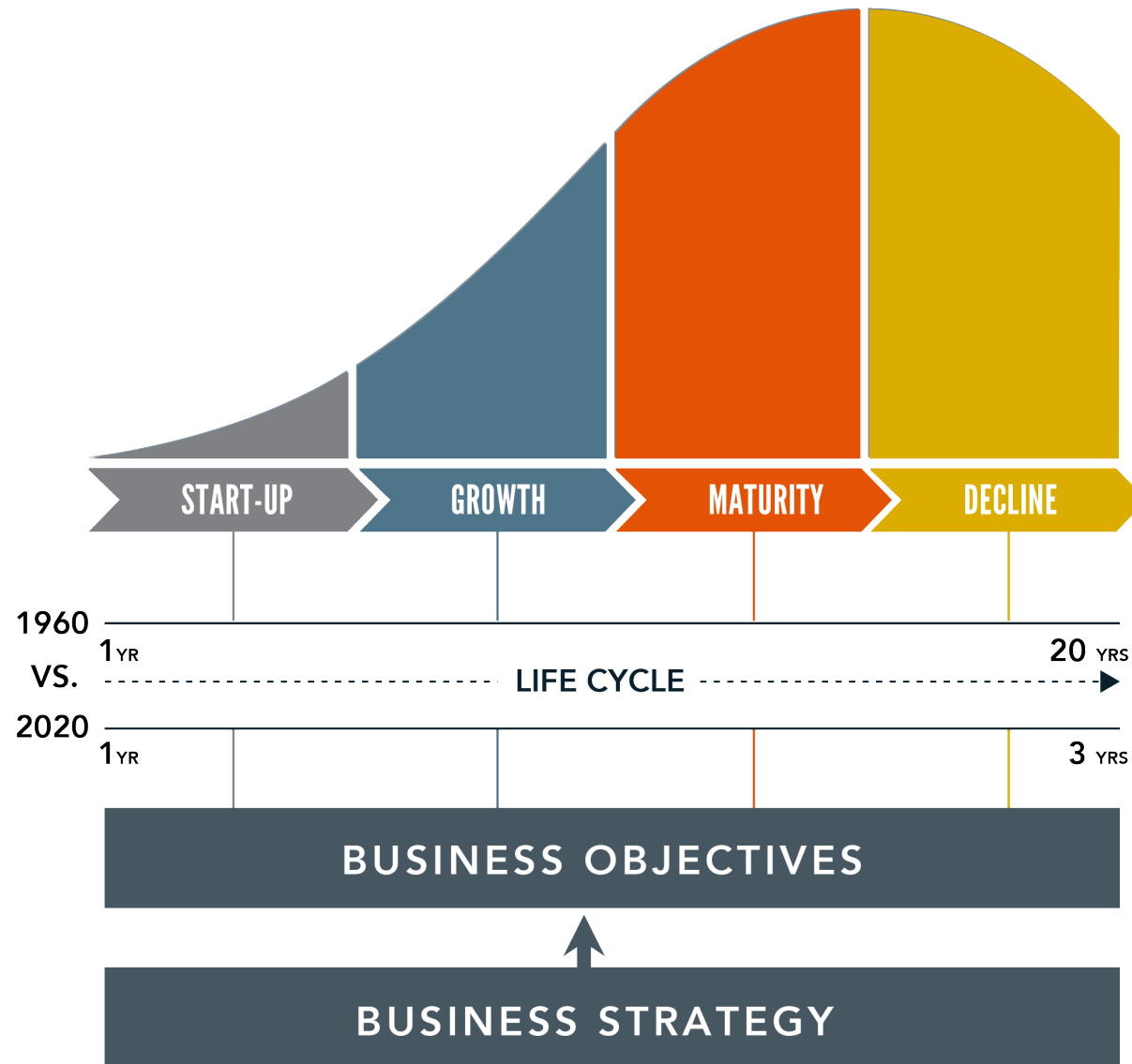


How to read this map: Countries appear bigger as their national debt is higher. e.g. USA. Conversely, countries with lower national debt appear smaller. e.g. Nigeria. The colour represent countries' debt to GDP ratio.

Article & Sources:

<https://howmuch.net/articles/worlds-debt-2017>
<http://www.usdebtclock.org/>
 U.S. Treasury Department

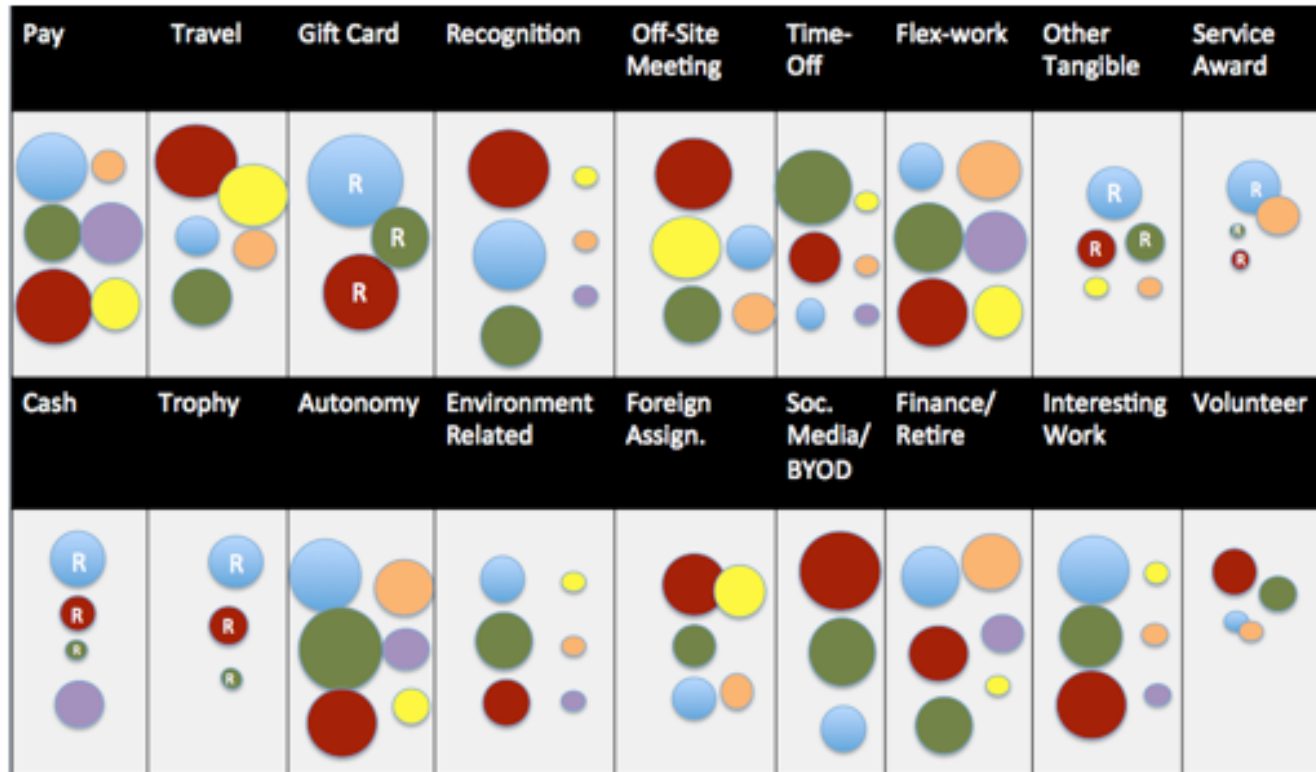
MARKET VOLATILITY: Life Cycles Are Short & Business Is Volatile



MILLENNIALS: More Time More Recognition

Pto, Flex-time, Autonomy will be the New Currency of Choice

The bigger the circle, the more it matters

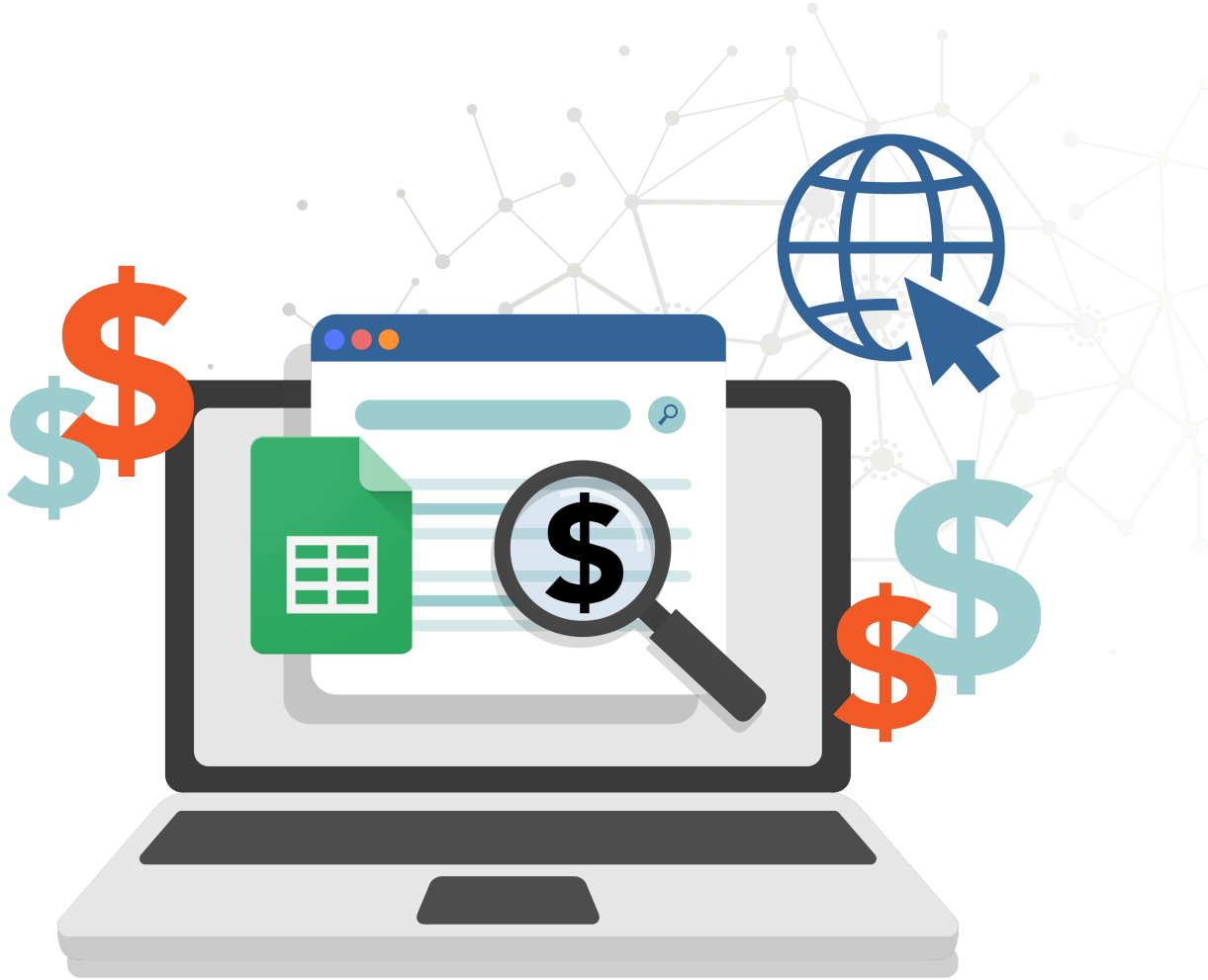


Generation: ● Boomer ● X ● Millennial
 Life Stage: ● Single, no children ● Married with Children ● Approaching Retirement/ Empty Nest

- 2020 TAKEAWAY:** PTO, Flex-time and autonomy should be a significant consideration for the Total Rewards offering and a significant way to differentiate

MILLENNIALS: Employees Sharing Compensation Information

Google Doc with Salaries went Viral in 2019

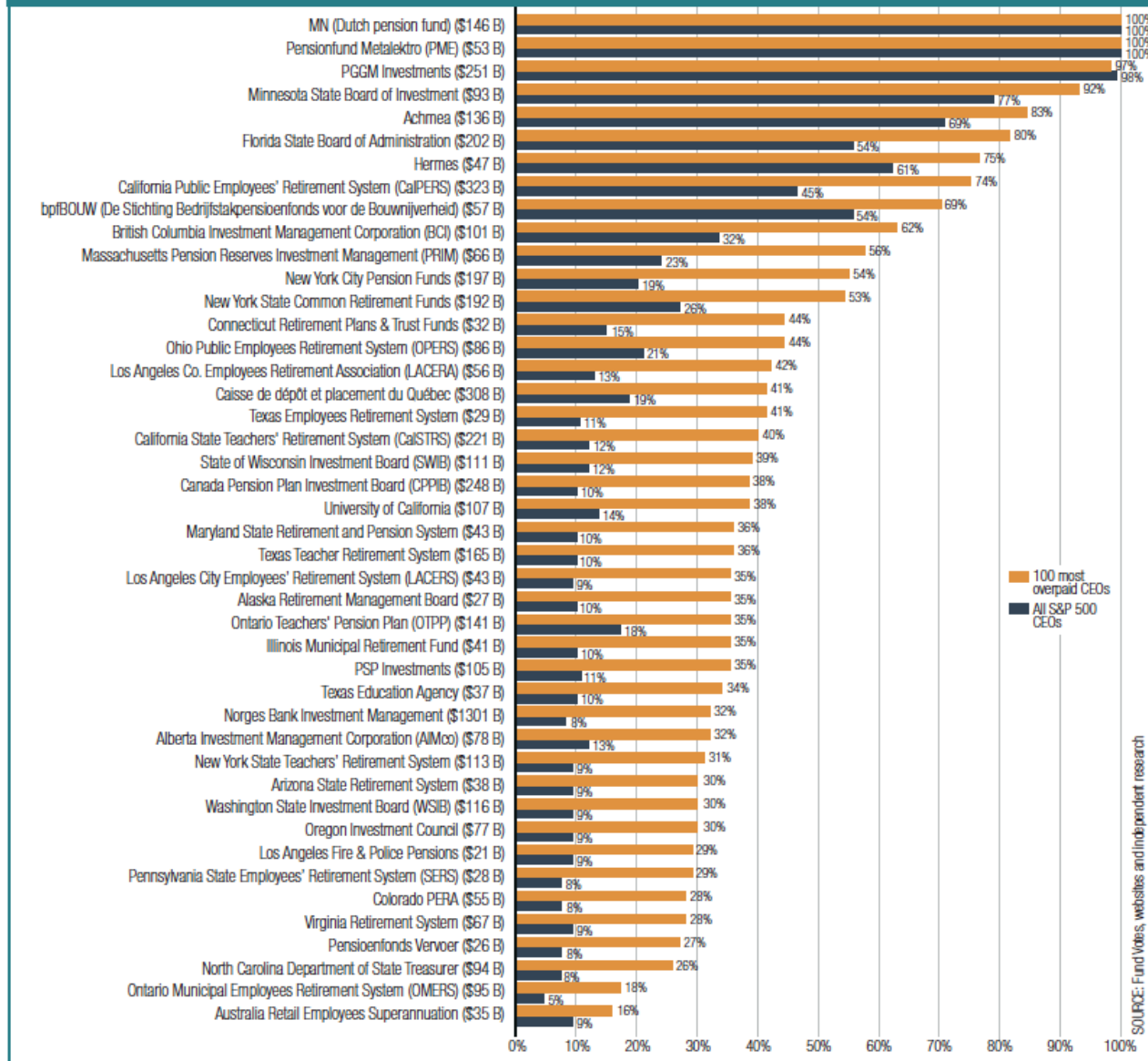


Dept.	Salary (Annual)
Dev	142,800
Eng	\$162,433
Op	\$89,395
Op	\$92,700
Dev	172,857
Dev	\$103,750
Eng	\$120,553
Dev	\$190,775
Eng	\$140,600
Sale	\$113,542

SHAREHOLDER ACTIVISM Shareholder Outreach and the Impact on Pay



FIGURE 8 - PENSION FUNDS MOST LIKELY TO OPPOSE CEO PAY AT ALL S&P 500 COMPANIES AND THE 100 MOST OVERPAID COMPANIES



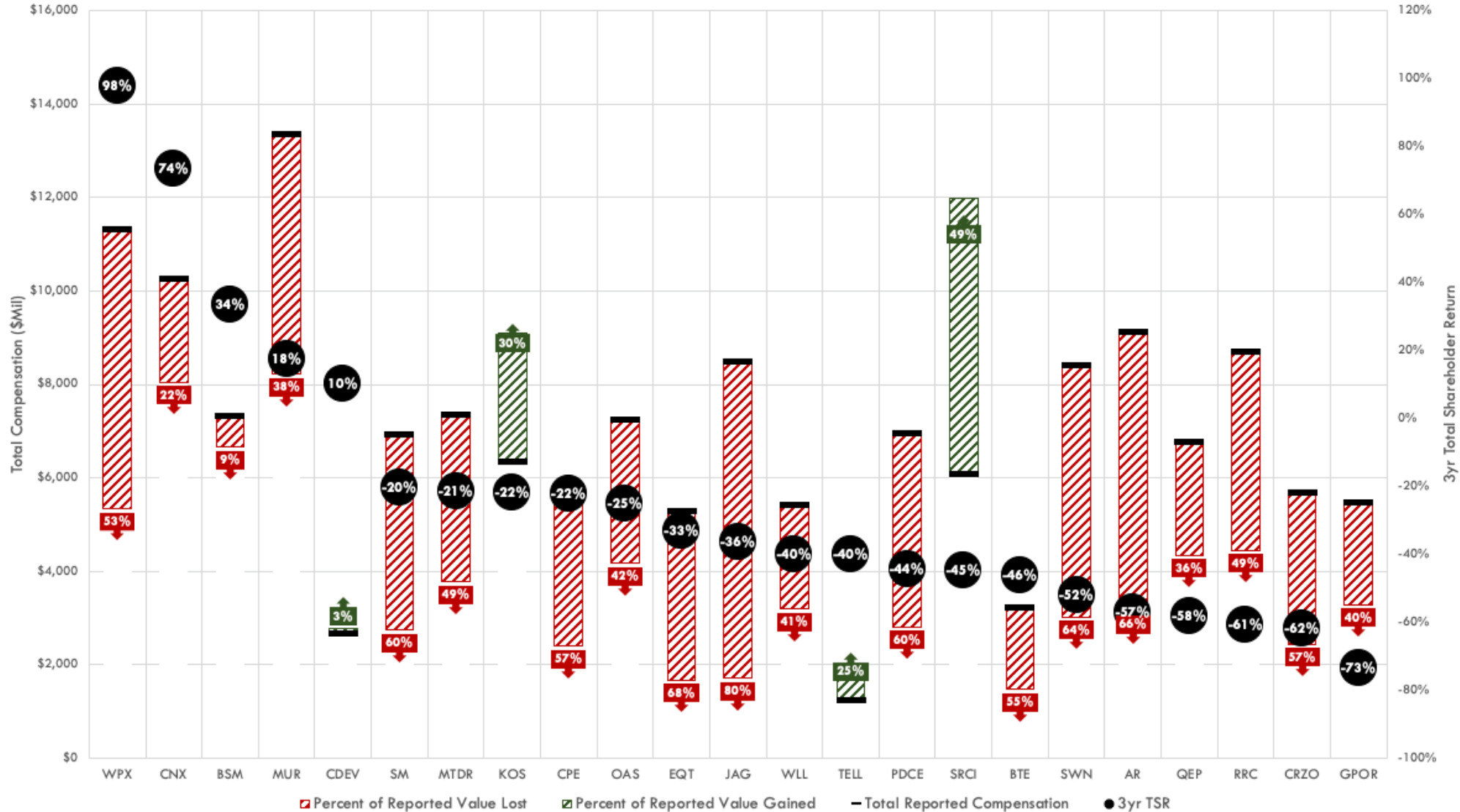
Source: New Calpers Comp Analysis to Hold Directors' Feet to the Fire | April 2019, Agenda Week

MEDIA RELATIONS: Negative Press vs. Positive Press



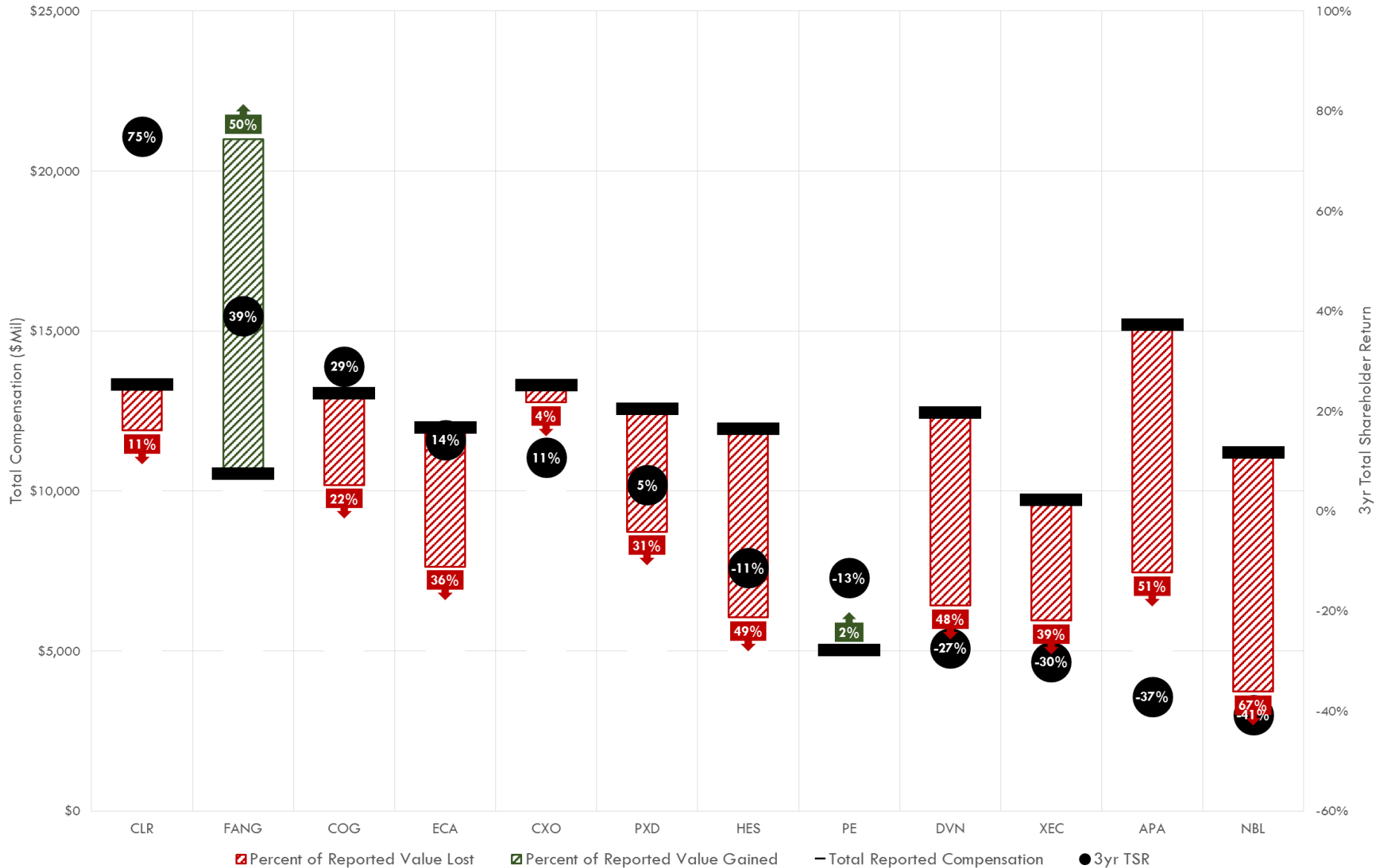
MEDIA RELATIONS: A Proxy Statement is Not a Bank Statement

TOTAL CEO COMPENSATION (FY2018) | \$1B - \$5B Market Cap
Realized vs. Reported Value (as of 12/31/2018)



MEDIA RELATIONS: A Proxy Statement is Not a Bank Statement

TOTAL CEO COMPENSATION (FY2018) | \$5B - \$25B Market Cap
Realized vs. Reported Value (as of 12/31/2018)



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