

EXECUTIVE INCENTIVE COMPENSATION

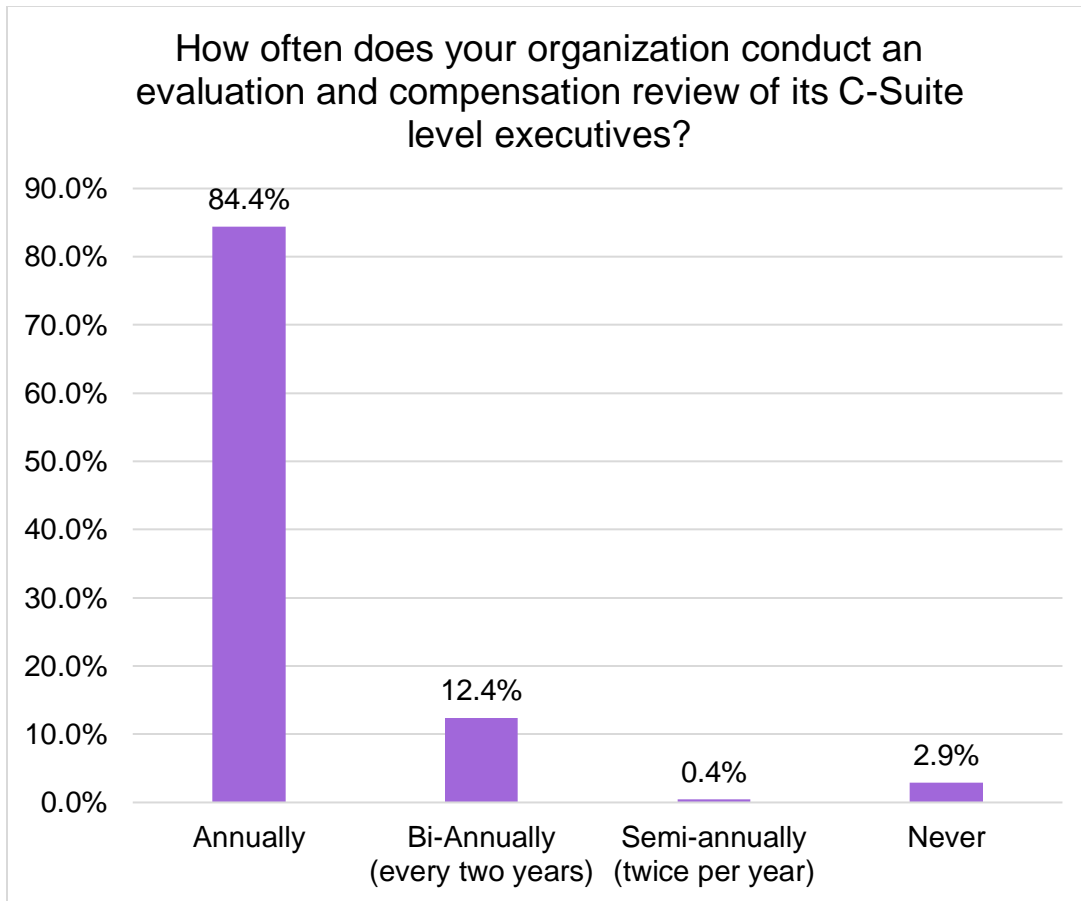
ZIEGLER CFO HOTLINESM

In March 2024, a *Ziegler CFO HotlineSM* survey gathered feedback related to Executive Incentive Compensation. Over 240 organizations participated in the survey. Approximately 58% were single-site senior living providers, while the remaining 42% represented multi-site organizations. The respondent pool is heavily weighted towards Not-for-Profit Life Plan Community organizations.

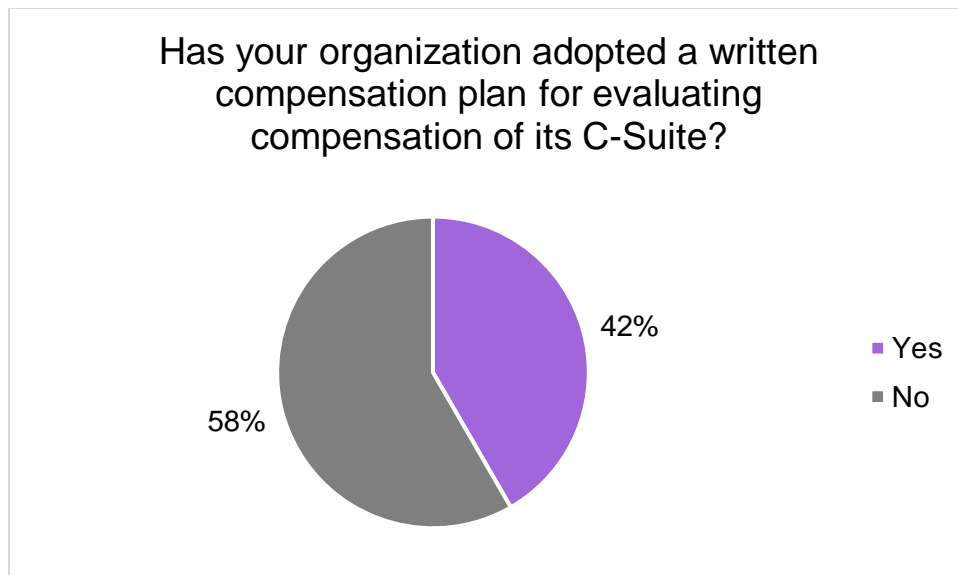
The first question asked providers which C-Suite positions their organization utilizes. All have at least one of the provided options and were asked to check all that apply. The most common C-Suite position to have is CEO (96%), and the least common option is CTO (15%). See the chart below for more information.



When asked how often incentive compensation numbers are evaluated, 84% of organizations answered “Annually.” Less common choices were “Bi-Annually” and “Never,” and only one respondent indicated they evaluate twice per year.



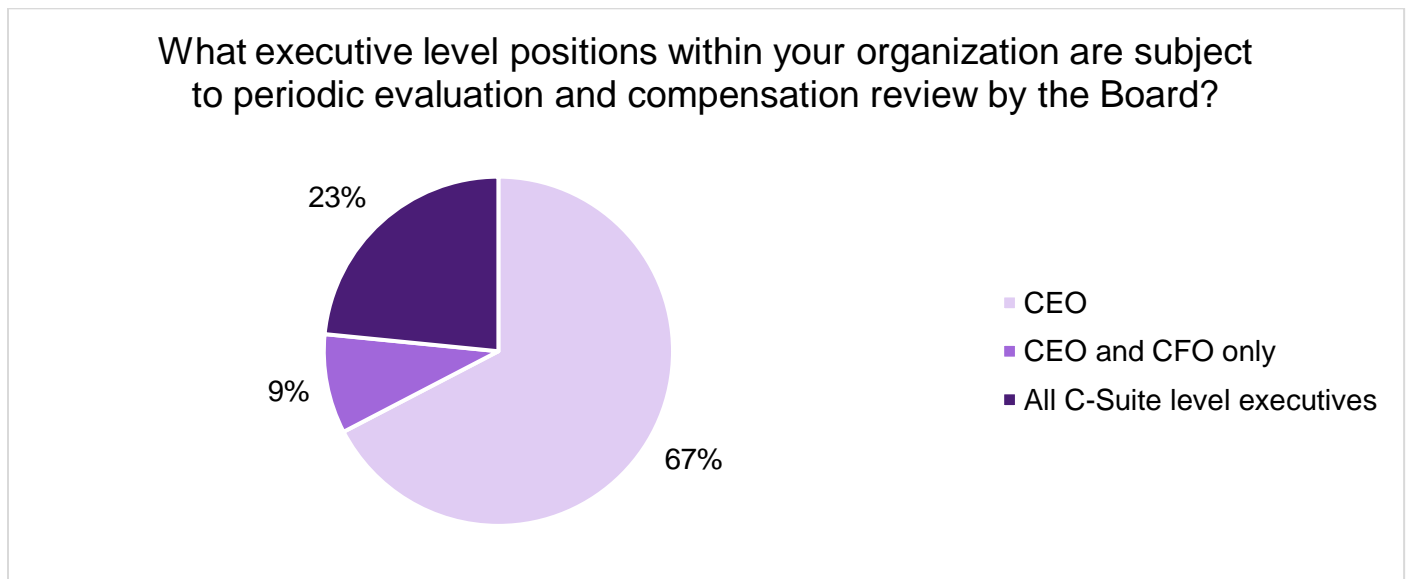
Less than half (42%) of providers indicated they have a written plan for assessing C-Suite incentive compensation.



The most common entity to conduct the periodic evaluation and compensation review of each organization’s CEO/C-Suite level executives is a board of directors. Please note respondents were able to indicate more than one entity. Many answered in the open-ended box reporting a combination, especially an arrangement wherein a board of directors determines the CEO’s incentive compensation, while the CEO determines that of the rest of the C-Suite positions.

Entity	Number of Mentions
Board of Directors	93
CEO	63
Executive Committee of the Board	49
Human Resources	23
Board Chair	12
Outside Party	9
Compensation/Governance Committee of the Board	7
CFO	1

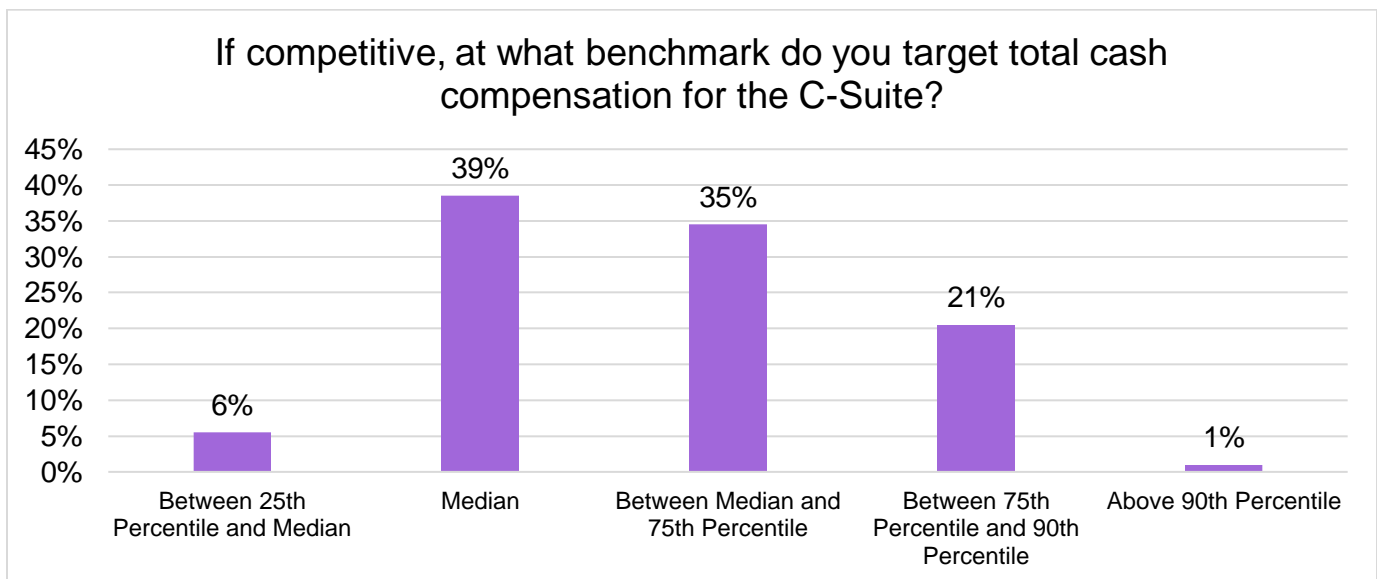
Two-thirds (67%) of organizations only board-review the incentive compensation for their CEO, while one-quarter (23%) do so for all C-Suite positions. See chart below for details.



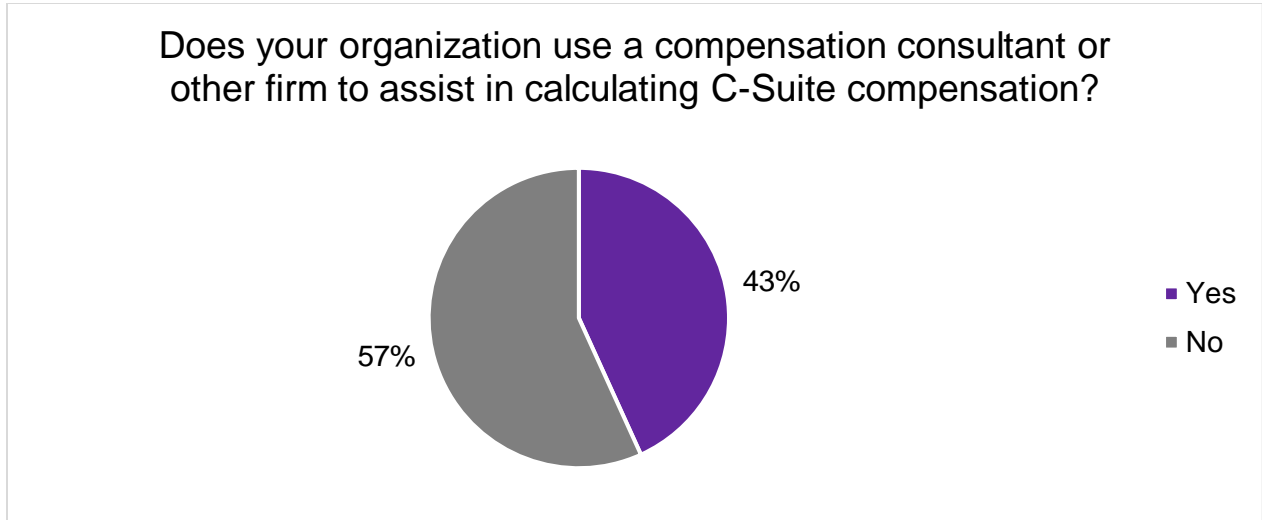
When asked what sources are used to establish competitive or comparable compensation benchmarks for the CEO/C-Suite level executives, organizations had a variety of responses. The two most common being the *LeadingAge Chief Executives of Multi-site Organizations (CEMO) Compensation Survey* and the *IRS Form 990 Resource*, respectively. Respondents were encouraged to mention all that apply. Below is a table of every source mentioned five or more times.

Source	Number of Mentions
LeadingAge CEMO Compensation Survey	117
IRS Form 990 Resources and Tools	114
CompAnalyst Market Data	80
Hospital/Healthcare Compensation Service	66
Outside Consultant	16
Economic Research Institute	14
CliftonLarsonAllen	9
Other independent studies/surveys	9
Other LeadingAge publication	5

Some organizations strive to develop competitive or comparable compensation benchmarks for the total cash compensation for their CEO/C-Suite level executives. If true for their organization, respondents were asked to indicate their target benchmarks. Most reported at the median level or between the median and 75th percentile. Some compensate between the 75th and 90th percentile, with only 7% total who answered the question indicating they aim below the median or above the 90th percentile. See chart below for total breakdown.

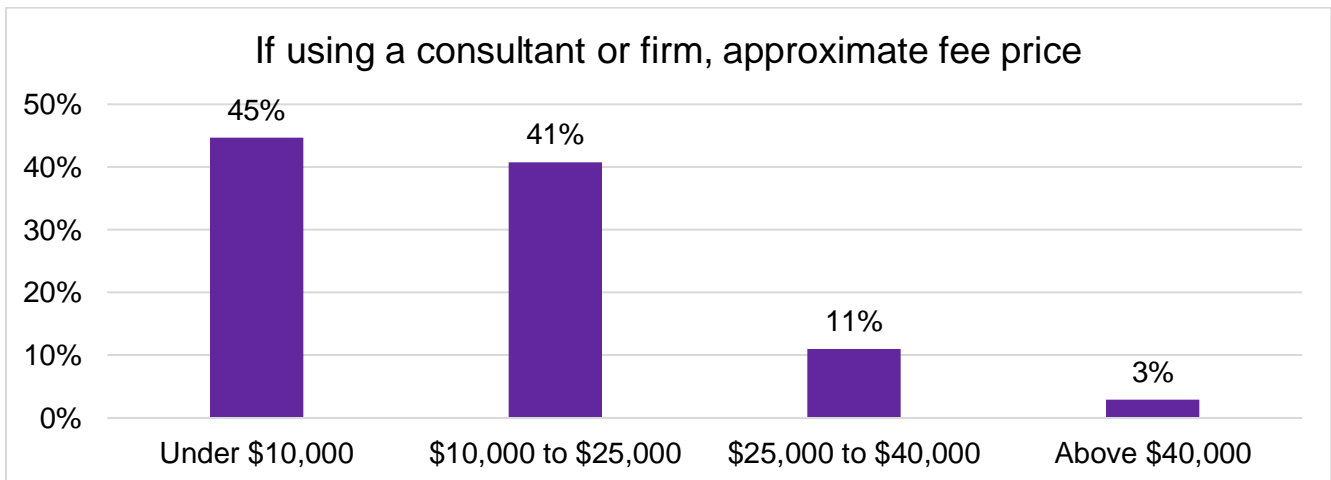


Respondents were asked whether their organization retains a compensation consultant or other professional services firm to assist in conducting the compensation review of its CEO/C-Suite level executives. Of the 43% who answered “Yes” they were able (though not obligated) to specify the firm so deployed. Below you can see the breakdown of organizations who utilize a compensation consultant, and a table of every firm mentioned more than once.



Consultant	Number of Mentions
CliftonLarsonAllen	13
Gallagher	3
Lockton	3
SullivanCotter	3
AON	2
Mercer	2

Some organizations typically deploy a compensation consultant or other firm to assist in conducting their compensation review. The respondents to whom this applies were asked to give the approximate range of professional fees paid for such assistance. The most common answer (45%) was under \$10,000. The rest pay more, including a small amount (3%) who spend more than \$40,000 for this service. See below for breakdown.



Lastly, the survey allowed for open-ended comments regarding Executive Incentive Compensation. Below is a sampling of these comments, which may be edited for length or minor grammatical errors.

- *We only revisit executive compensation when we need to replace a leader.*
- *Like many orgs, we have adopted the Policy Governance model, so the board limits itself to the governance roles of setting CEO compensation. CEO is responsible for managing, so is responsible for compensation for all staff.*
- *Board is reviewing this currently to more formally structure.*
- *CEO determines compensation for CFO and COO, though typically follows the level set by the Board for the CEO comp.*
- *The compensation study results have only been implemented for the CEO of the company but not the other C-suite positions.*
- *The Board's Executive Committee, acting as a Personnel Committee, engages an independent consultant who provides compensation data. The Executive Committee uses this information and the independent consultant's recommendation to set compensation for the CEO. The CEO sets compensation for the Executive Team based on salary information received from the independent consultant.*
- *We are in the middle of updating our written compensation plan.*
- *There is a bonus plan for senior management. CEO can earn bonus of 30% salary, COO, CFO, and VP HR 25% salary, other management positions 10% to 20%. Bonus based on 4 overall company goals and 20% based on individual goal(s).*
- *The Board works with the SVP -HR to review and set pay, who is a CCP (certified compensation professional).*
- *Only CEO wage is approved by governance, but all C-suite staff are evaluated through same process as CEO, with CEO approval.*
- *An incentive compensation plan was recently implemented this year. A first for our organization.*
- *As most C-Suite positions compete with both for-profit and non-profit organizations and different industries, we ensure we collect compensation data from 4 primary sources and weight the data accordingly to ensure our compensation is competitive.*
- *The board is only involved in reviewing, deciding, and approving the CEO compensation. The CEO handles all other C-Suite executives. The consultant is only for the CEO comp.*
- *A more formal written process along with rationale for quartile guidelines currently being developed.*
- *We have just hired an executive consultant firm to help fully develop strategy and process for C-Suite compensation as a best practice in governance.*
- *Our plan is not written as a formal document, but the methodology is well documented and approved by the Board of Trustees.*
- *We just engaged a firm for our first ever compensation survey.*

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