

2018 Incentive Pay Practices for Publicly-Traded Companies

As organizations compete for top talent, short-term incentive plans are a critical aspect of a company's total rewards offerings. WorldatWork and Deloitte Consulting LLP gathered data to understand competitive incentive practices that help shape decisions around competitive incentive designs that attract, motivate and retain employees.

While incentive programs typically are designed around targeted employee groups and business objectives, they need to be cost-effective and flexible, depending on a company's financial situation. In the recent economic and regulatory climate, many organizations have regularly evaluated their incentive program design.

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Summary of Short-Term Incentive (STI) Design Trends

- The majority of survey participants (98.5%) have an **STI** plan. *(See page 6.)*
- An **Annual Incentive Plan (AIP)** is the most predominant type of STI plan offered by survey participants (97.9%). *(See page 9.)*
- **Spot cash awards** (57.1%) and **retention bonus plans** (43.5%) also are popular among participants. *(See page 9.)*
- Less than half of the participants (37.7%) reported **modifying their company's STI plan design** (which may include goals) in the current performance year. *(See page 10.)*
 - **Adding one or more new performance measures** is the most common type of plan change in the current year. *(See page 10.)*

When survey participants were asked about their **AIP/bonus plan design**:

- A majority of survey participants reported that their **officers/executives** and **exempt salaried employees** are the most common employee groups eligible for the AIP/bonus plan (98.9% for both). *(See page 13.)*
- 52.7% of survey participants reported utilizing two or three performance measures to determine the incentive/bonus payout amount. *(See page 17.)*
- The most common types of financial measures are revenue and earnings per share (EPS), while the most common operational measures utilized by survey participants are customer satisfaction and safety/occupational injury. *(See page 19.)*
- 53.2% of survey participants indicated that financial metrics are evaluated based on both **corporate performance and division/business unit performance**, while 44.3% reported using **corporate performance only**. *(See page 20.)*

Summary of Other Short-Term Incentive Design Trends

- Spot cash awards, retention bonus plans, discretionary bonus plans and project bonus plans are more often offered to **exempt salaried employees** than other employee groups. (See page 32.)

General retention bonus plan observations:

- The **top three reasons companies provide retention bonuses** include ensuring business continuity for a critical project (71.8%), countering a competing offer (59.0%) and recruiting a difficult position (56.4%). (See page 34.)
 - For companies that provide a retention bonus to ensure business continuity for a critical project, the majority of survey participants reported providing a retention bonus **upon successful completion of a project** (51.9%). (See page 36.)
- The majority of survey participants that have a retention bonus plan **payout the bonus at a specific time** (61.3%) as opposed to over a period of time. (See page 38.)

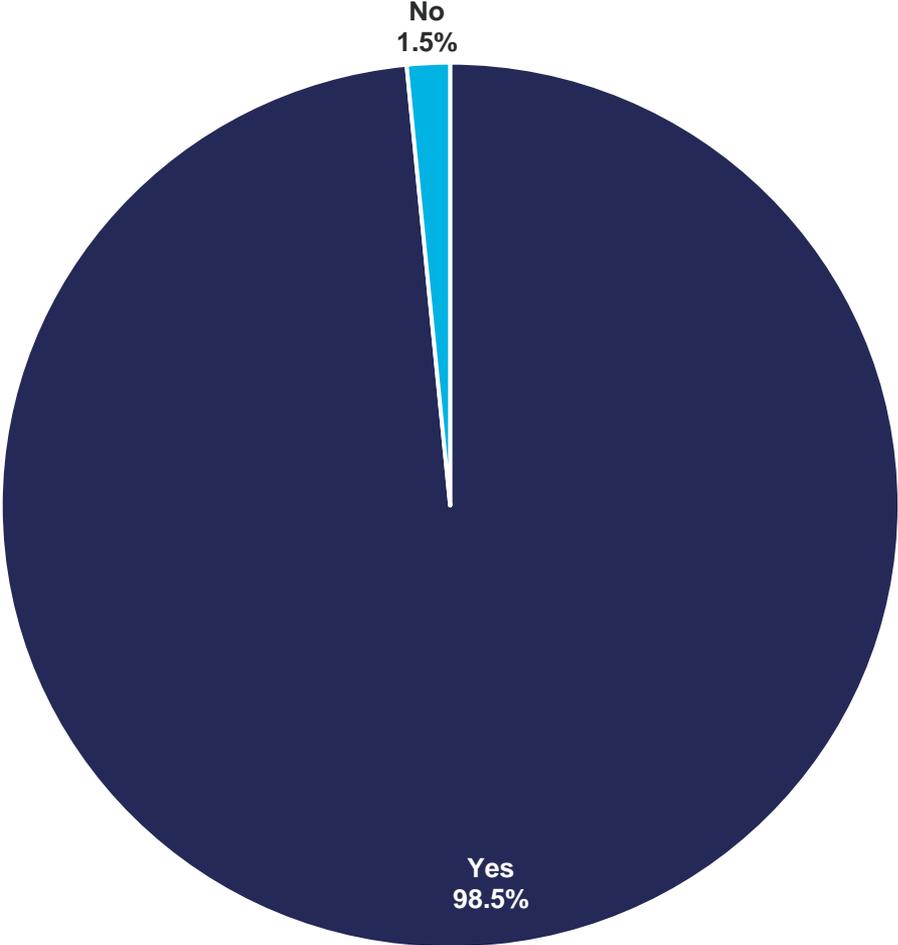
Summary of Long-Term Incentive (LTI) Trends

- A majority of survey participants (90.6%) indicated that they have an **LTI program**. (See page 40.)
- The most common objectives for providing an LTI award is to align participants with long-term company objectives (75.3%) and provide a competitive compensation package (66.7%). (See page 41.)
- The most common LTI vehicle offered to survey participants is **restricted stock/units**. (See page 42.)
- 76.8% of survey participants utilize **two** (40.5%) **or three long-term** (36.3%) **incentive vehicles**. (See page 43.)

General Questions on Short-Term Incentive Programs

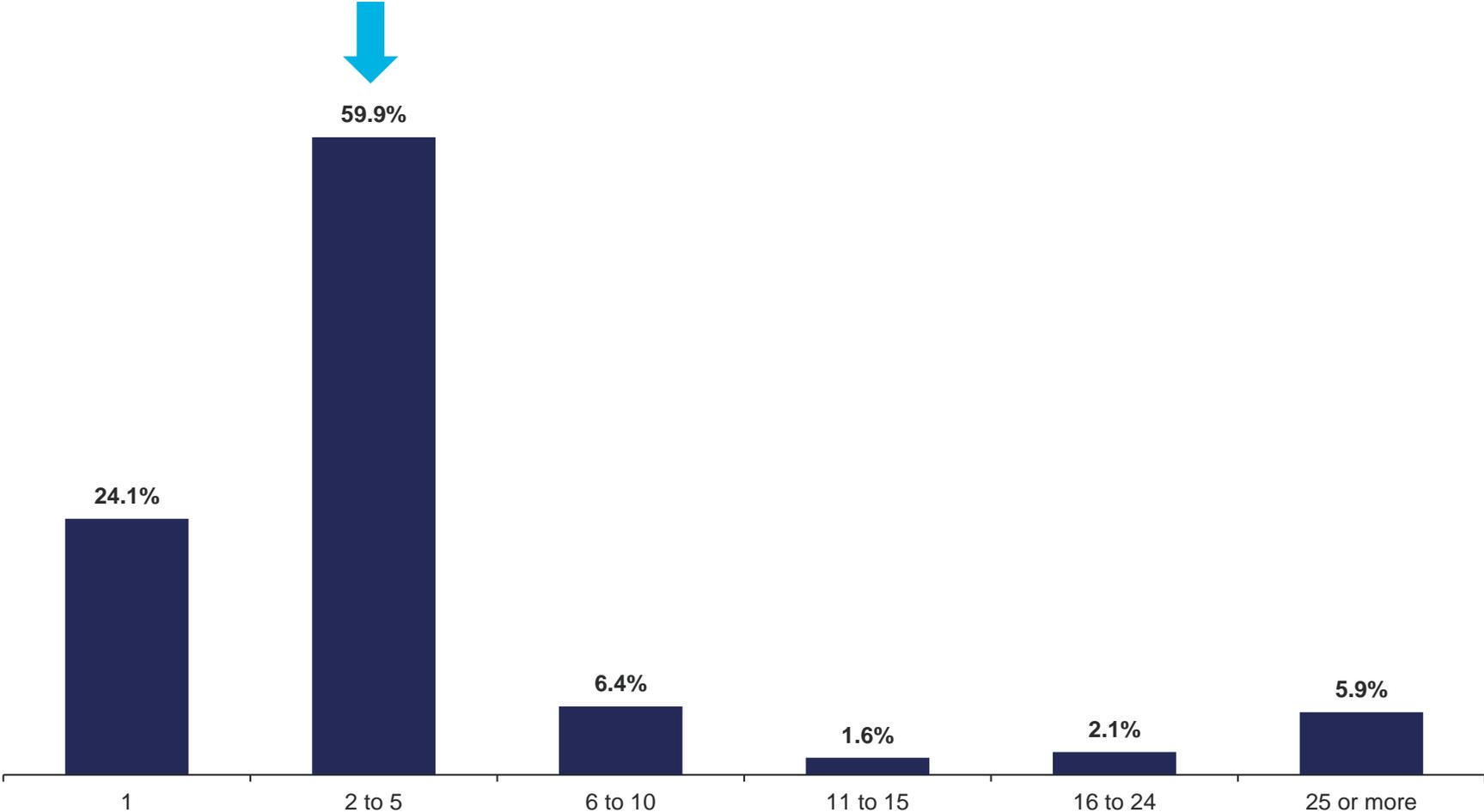
99% of survey participants have some form of short-term incentive program.

Does your organization have a short-term incentive program? (n=194)



Organizations typically use 2 to 5 different short-term incentive plans.

How many short-term incentive programs are used in your organization? (n=183)



Regardless of employee level, the majority of survey participants allow an employee to participate in one short-term incentive program at a time.

How many short-term incentive programs can an employee participate in simultaneously (by level of employee)?

	1	2	3	4	5	6 or more
Nonexempt Hourly Nonunion (n=163)	69.9%	12.3%	9.8%	3.7%	4.3%	0.0%
Nonexempt Salaried (n=146)	69.2%	11.0%	11.6%	2.7%	5.5%	0.0%
Exempt Salaried (n=189)	65.6%	13.2%	10.6%	3.7%	5.8%	1.1%
Officers/Executives (n=189)	71.4%	16.4%	7.4%	2.1%	2.1%	0.5%

The most common type of short-term incentive program is an Annual Incentive/Bonus Plan, followed by a Spot Cash Award Plan.

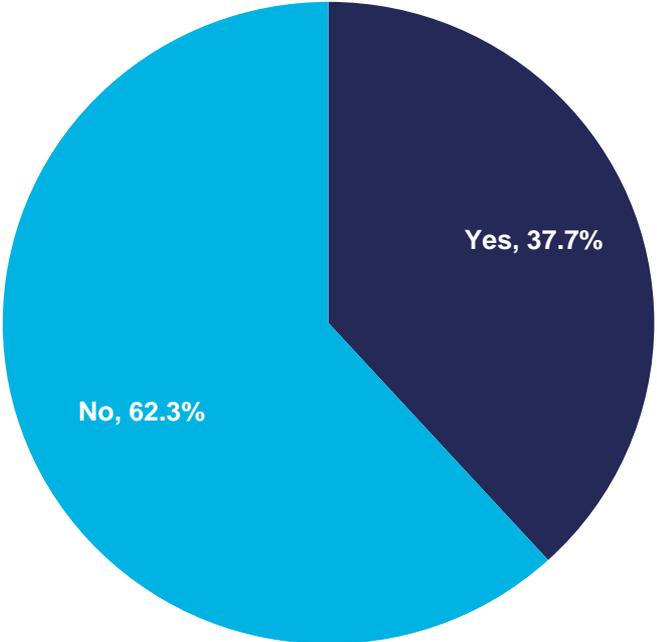
Which type of short-term incentive programs does your organization use? (Select all that apply.)

	Plan Currently in Place	In Place, But May Eliminate	Eliminated	Considering Adding	Not Considering
Annual Incentive/Bonus Plan (AIP) (n=190)	97.9%	0.5%	0.0%	0.0%	1.6%
Spot Cash Award (n=191)	57.1%	1.6%	1.0%	3.7%	36.6%
Retention Bonus Plan (n=191)	43.5%	0.0%	0.0%	6.3%	50.3%
Discretionary Bonus Plan (n=191)	34.6%	0.5%	0.5%	3.7%	60.7%
Project Bonus Plan (n=192)	23.4%	1.6%	0.0%	5.7%	69.3%
Profit-Sharing Plan (n=191)	22.0%	0.5%	1.0%	1.6%	74.9%
Team/Small-Group Incentives (n=192)	20.3%	0.0%	0.0%	5.7%	74.0%
Gainsharing Plan (n=191)	7.3%	0.0%	0.0%	0.5%	92.1%
Other ⁽¹⁾ (please specify) (n=191)	4.7%	0.0%	0.5%	0.0%	94.8%

⁽¹⁾ Other responses include sales incentive plans, monthly incentive plans, spot noncash awards and individual plans.

38% of companies modified their short-term incentive plan; a plan modification typically included the addition or elimination of a performance measure.

Did your organization modify a short-term incentive plan design or goals for your current performance year? (n=191)



What prompted the short-term incentive plan modification for the current performance year? (Select all that apply.) (n=127)



What types of short-term incentive plan changes were implemented for the current performance year? (Please select all that apply.) (n=160)⁽¹⁾



⁽¹⁾ Other responses include changing the budgeted design of the plan, adding threshold performance requirements for certain roles and divisional/unit business lines, changing eligible population and changing payout frequency

The median spend on short-term incentive programs as a percentage of operating income for the most recent completed fiscal year was 6.7%.

What was your organization’s total U.S. spend for short-term incentive programs divided by organizations total U.S. operating income/EBIT (earnings before interest and taxes) for the most recent completed fiscal year? (n=95)

	Most Recent Completed Fiscal Year Total AIP Budget / Operating Income
25 th Percentile	2.7%
50 th Percentile	6.7%
75 th Percentile	12.9%

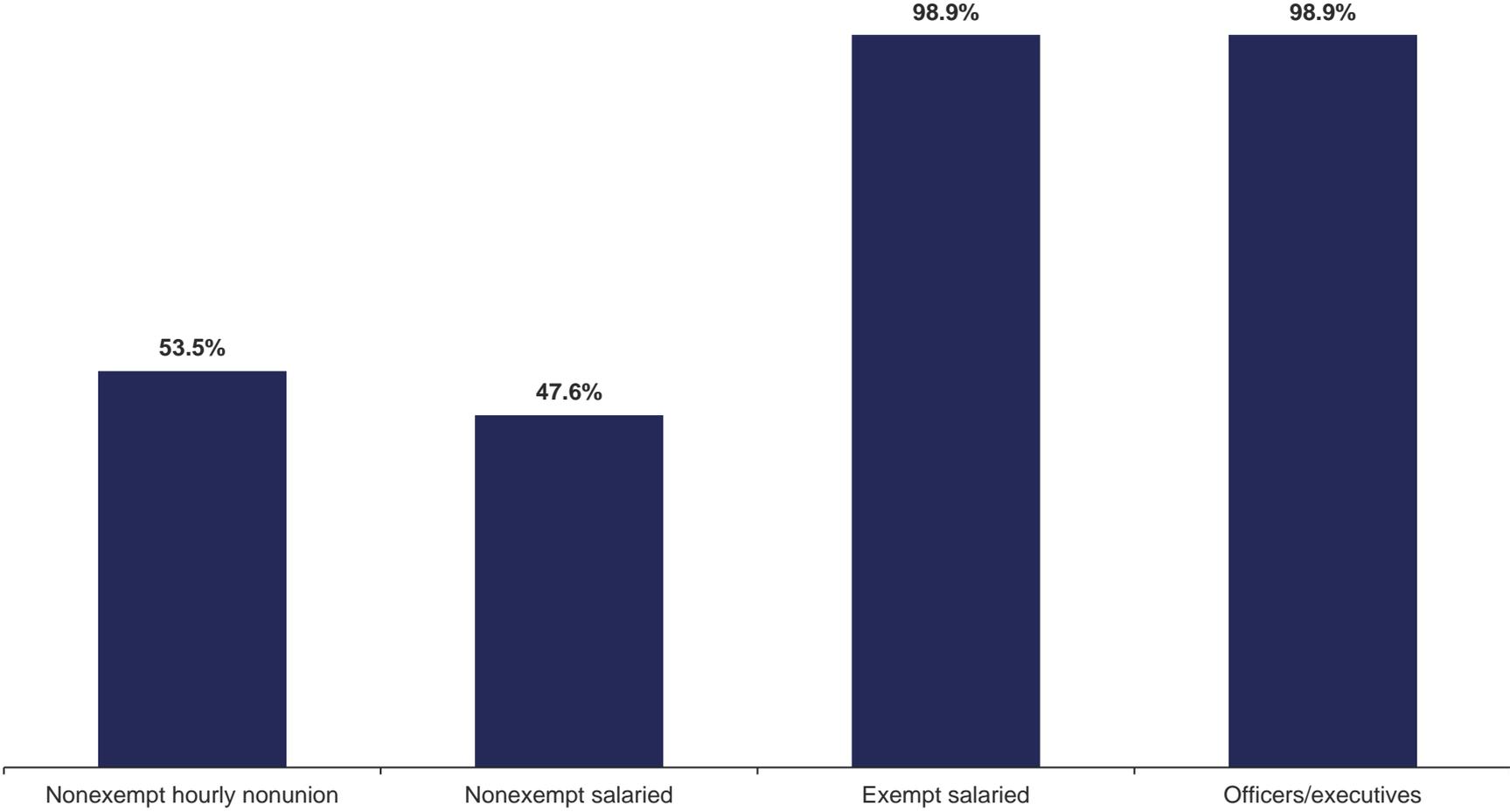
What was your organization’s projected total U.S. spend for short-term incentive programs for the current fiscal year divided by the organization’s projected total U.S. operating income/EBIT (earnings before interest and taxes) for the current fiscal year? (n=59)

	Upcoming Projected Fiscal Year Total AIP Budget / Operating Income
25 th Percentile	3.3%
50 th Percentile	7.7%
75 th Percentile	17.4%

Annual Incentive/Bonus Plan Design Details

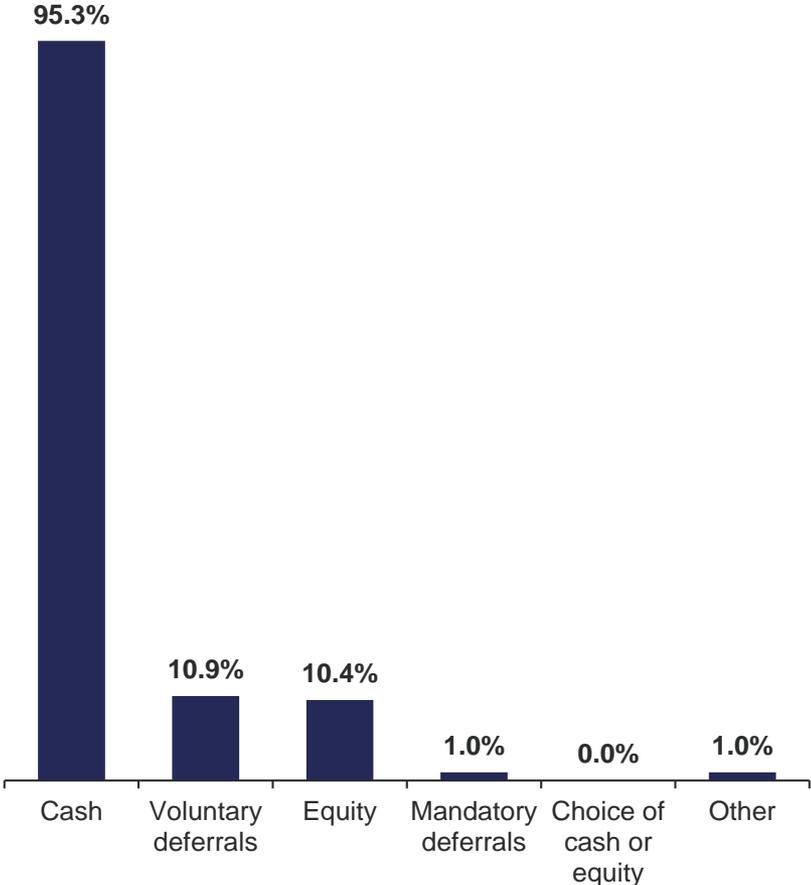
Officers/executives and exempt salaried employees are the most common groups of employees eligible for annual incentive/bonus plans.

Which of the following positions/groups in your organization are eligible for annual incentive/bonus plans? (n = 185)

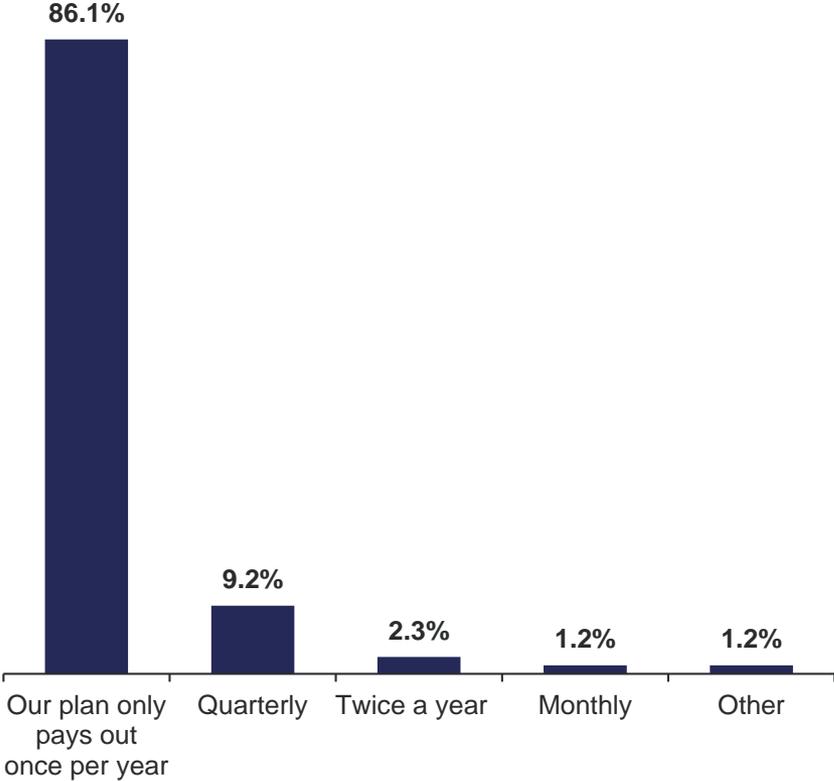


95% of survey respondents reported paying annual incentive/bonus awards in the form of cash; 86% reported paying out on an annual basis only.

**How are annual incentive/bonus awards paid to employees? (Select all that apply.)
(n=185)**

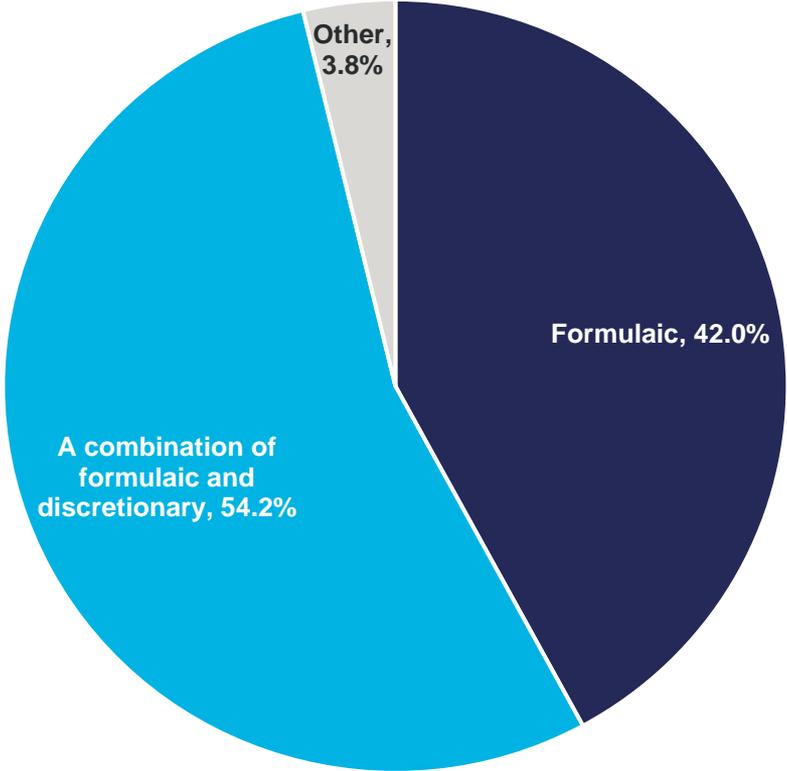


**If your annual incentive/bonus awards pay out on a schedule more frequently than once per year, what is the schedule of payout?
(n=173)**



The majority of survey participants use a combination of a formula and discretion to determine the annual incentive/bonus payout to employees.

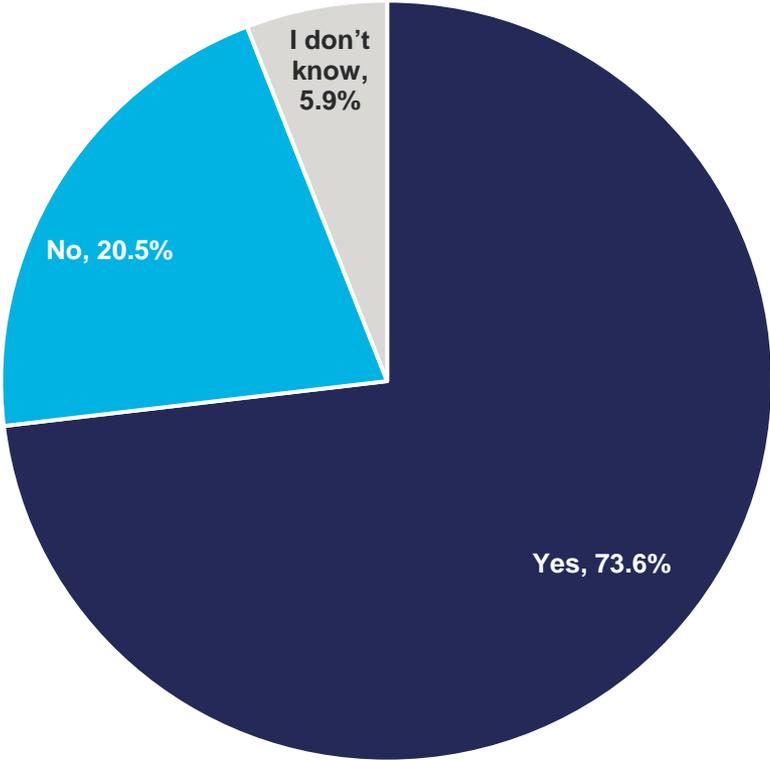
How are annual incentive/bonus payout amounts to individual employees determined?
(n=185)⁽¹⁾



⁽¹⁾Other responses include certain employees are required to defer a percent, and providing the option to defer a portion of their bonus to restricted stock.

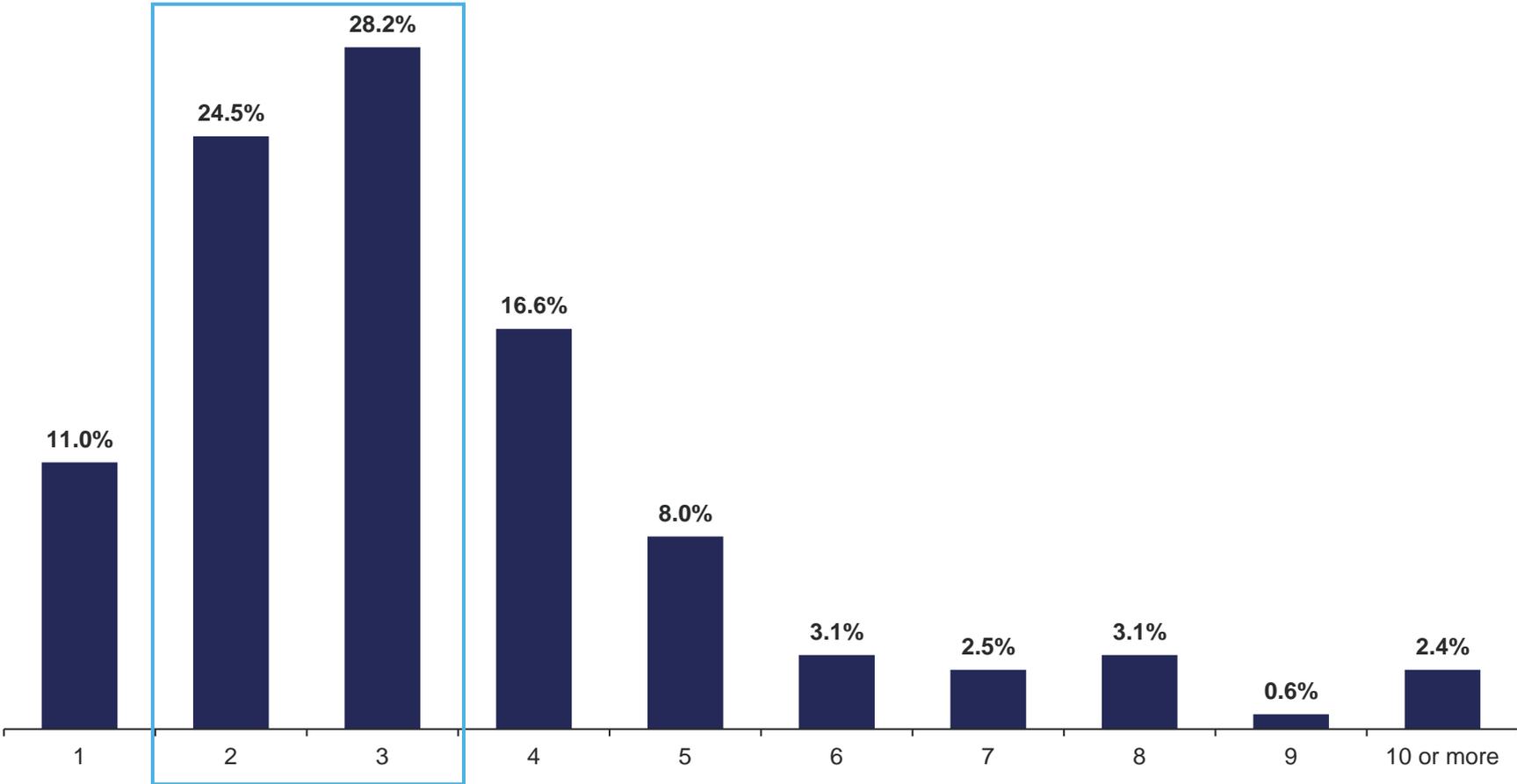
Annual incentive/bonus plans typically require a minimum performance gate or threshold level of performance be achieved before an award can be earned.

Does your organization’s annual incentive/bonus plan specify a performance gate or threshold? (Also referred to as “hurdle,” “tripwire,” “trigger,” “qualifier,” “knockout” or “circuit breaker,” which are the minimum levels of overall company performance that must be achieved before any annual incentive/bonus can be earned.)
(n=185)



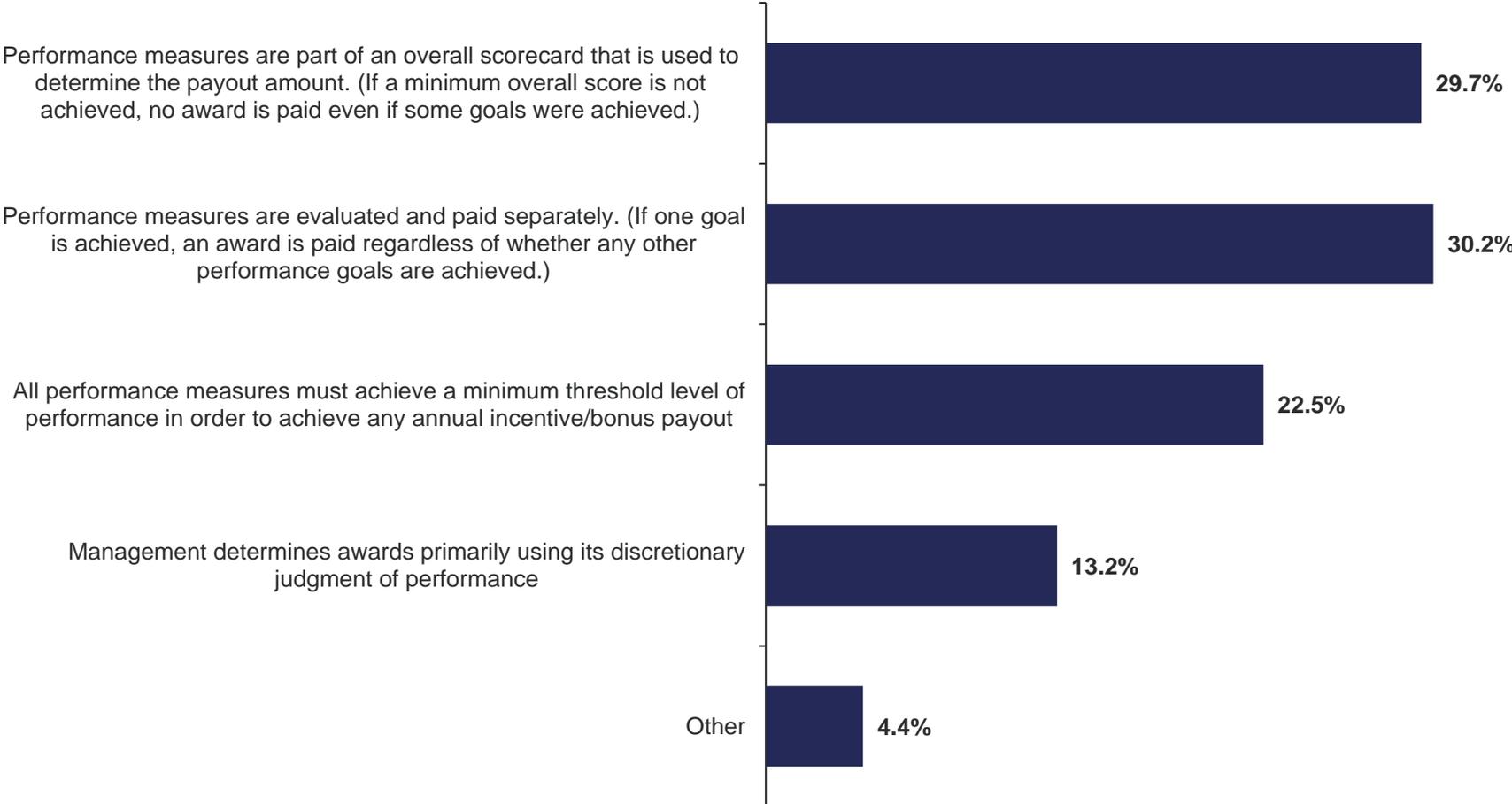
More than half of the survey participants use two or three performance measures in order to determine the annual incentive/bonus payout amount.

How many performance measures are considered in the determination of annual incentive/bonus payout amounts? (n=163)



Companies assess performance measures in a variety of ways to determine a payout.

How are performance measures used in determining annual incentive/bonus payouts?
(n=182)⁽¹⁾



⁽¹⁾Other responses include requiring a minimum performance rating, aggregating multiple performance measures, and nonmanagement discretion

93% of participants reported using a financial measure in their plan, 24% reported using an operational objective, and 57% reported using an individual objective.

Which of the following performance measures are used in your annual incentive/bonus plan? (Select all that apply.) (n=176)

Financial Objectives (n=165)

Metric	Prevalence
Revenue	40.6%
EPS	28.5%
EBITDA	24.8%
Cash Flow	21.8%
Net Income	18.8%
EBIT	18.2%
Revenue Growth	11.5%
Capital Efficiency	8.5%
Cash Flow Growth	3.6%
Total Shareholder Return	1.8%
Other	20.0%

Operational Objectives (n=43)

Metric	Prevalence
Customer Satisfaction	69.8%
Safety/Occupational Injury	69.8%
Operational Efficiency	62.8%
Service/Quality	48.8%
Employee Satisfaction/Engagement Scores	30.2%
Cost Reduction/Savings	30.2%
Volume/Orders	25.6%
Other Operational Objectives	55.8%

Individual Objectives (n=102)

Metric	Prevalence
Overall Individual Performance	83.3%
Achievement of specific individual goals	31.4%



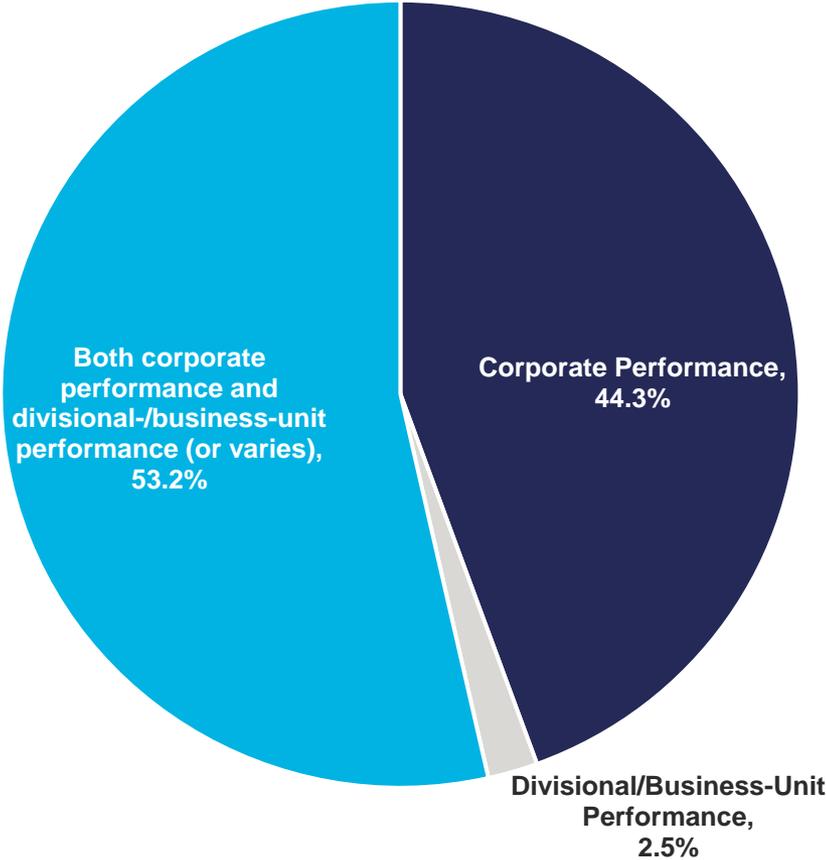
Specific Individual Goals

- Leader discretionary adjustments
- Qualitative strategic goals
- Utilization
- Varies based on the individual
- Management business objectives
- Employee engagement
- Production levels
- Timeliness goals

Other **Financial** responses include return on invested capital and debt; Other **Operational** responses includes diversity, productivity, environmental and risk management.

53% of companies evaluate performance measures using both corporate performance and division/business unit performance

If financial objectives are included as performance measures in your annual incentive/bonus plan, on what basis are they evaluated? (n=158)



Among officers/executives, corporate performance is commonly used to determine the award payout; less emphasis is placed on division/business and individual performance.

Overall, what percentage of your payout award is based on corporate, business-unit and individual performance?

	Corporate Performance (Average)	Division-/Business-Unit Performance (Average)	Individual Performance (Average)
Nonexempt hourly nonunion (n=99)	40.2%	32.4%	27.4%
Nonexempt salaried (n=87)	44.4%	29.3%	26.3%
Exempt salaried (n=182)	46.4%	28.0%	25.6%
Officers/executives (n=182)	62.1%	18.9%	19.0%

Threshold and maximum performance goal as a percent of the target performance goal varied by the metric used.

Please provide the performance range used for each financial performance metric in your annual incentive/bonus plan (e.g., threshold performance goal as a percent of target and maximum performance goal as a percent of target).⁽¹⁾

	Threshold Performance Goal as a Percent of the Target Performance Goal (e.g., threshold goal is 90% of the target goal)		Maximum Performance Goal as a Percent of the Target Performance Goal (e.g., maximum goal is 120% of the target goal)	
	Median	Range	Median	Range
EBIT/EBITDA (n=52)	80%	10% - 100%	130%	100% - 250%
Revenue (n=47)	90%	10% - 100%	150%	110% - 200%
Earnings per share (EPS) (n=29) ⁽²⁾	75%	20% - 98%	140%	110% - 250%
Cash flow (n=29) ⁽²⁾	70%	16.7% - 95%	150%	110% - 250%
Operating income (n=26) ⁽²⁾	75%	10% - 98%	150%	110% - 240%
Net income (n=13) ⁽²⁾	85%	20% - 100%	123%	115% - 200%
Net operating income (n=12) ⁽²⁾	75%	20% - 100%	125%	110% - 180%
Revenue growth (n=10) ⁽²⁾	50%	10% - 90%	140%	115% - 200%
Capital efficiency (n=7) ⁽²⁾	80%	20% - 85%	133%	110% - 200%
I don't know (N=7)				

⁽¹⁾ Excludes cash-flow growth and total shareholder return, as less than 5 survey participants selected this answer.

⁽²⁾ Total number of participants is less than 30; data corresponding to larger sample sizes will have stronger statistical power and validity.

The majority of companies set a target payout for their plan participants.

Does your organization's annual incentive/bonus plan specify target payout amounts for participants?

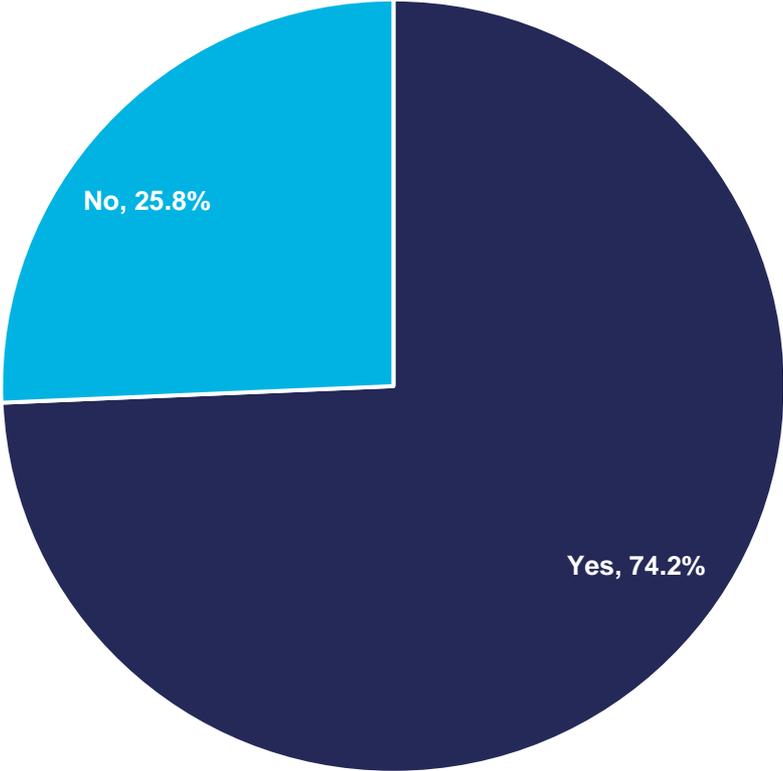
	Yes	No
Nonexempt hourly nonunion (n=99)	84.8%	15.2%
Nonexempt salaried (n=86)	76.7%	23.3%
Exempt salaried (n=181)	85.6%	14.4%
Officers/executives (n=178)	87.1%	12.9%

If yes, specify the typical target as a percentage of base pay:

	25th Percentile	Median	75th Percentile	Average
Nonexempt hourly nonunion (n=77)	4.0%	5.0%	6.0%	5.7%
Nonexempt salaried (n=59)	5.0%	6.0%	8.0%	8.1%
Exempt salaried (n=131)	10.0%	15.0%	20.0%	16.6%
Officers/executives (n=127)	35.0%	49.0%	59.5%	47.3%

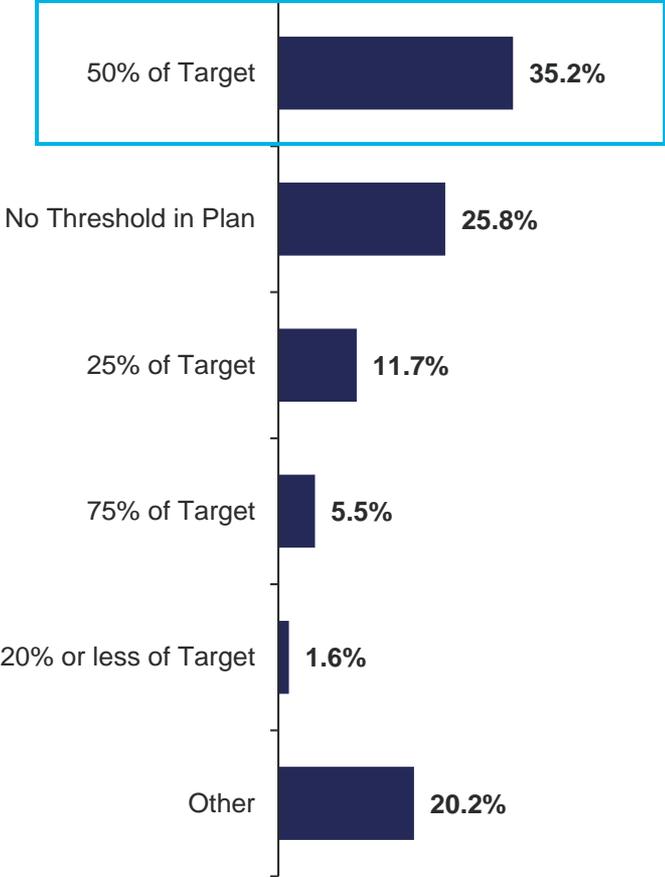
74% of the survey participants reported having specific maximum payout cap amounts for participants.

Does your organization's annual incentive/bonus plan specify maximum payout amounts for participants? (n=182)



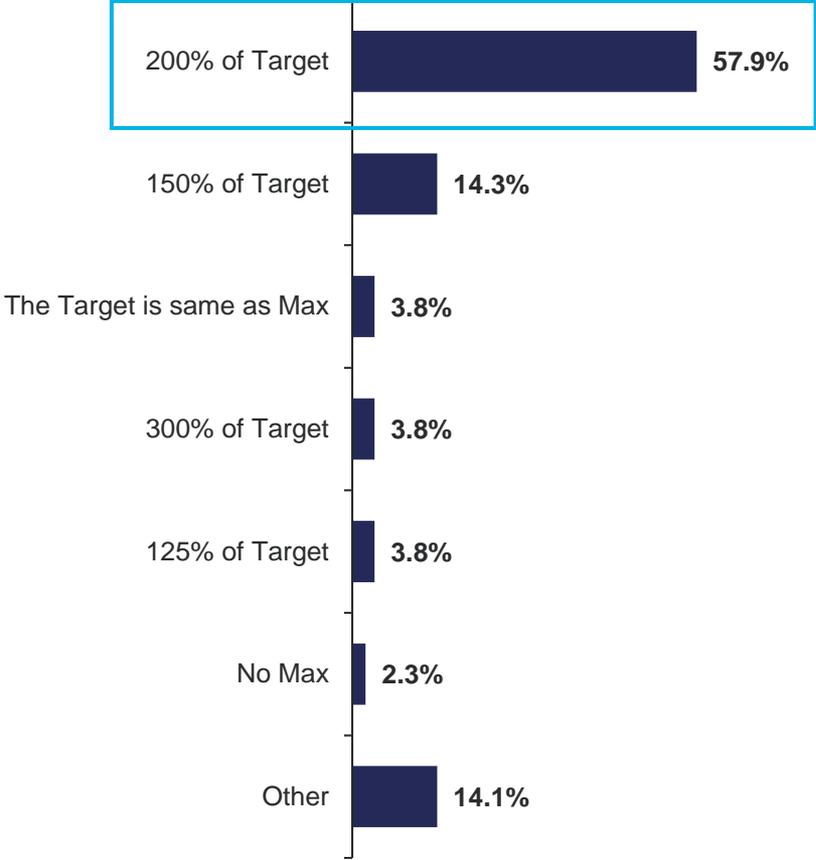
Survey participants most commonly reported having a threshold payout level of 50% of target and a maximum of 200% of target.

What is your threshold payout level (as a percentage of target)? (n=128)⁽¹⁾



⁽¹⁾ Other responses include varies by metric, varies by year, and various percentages between 30%-95%

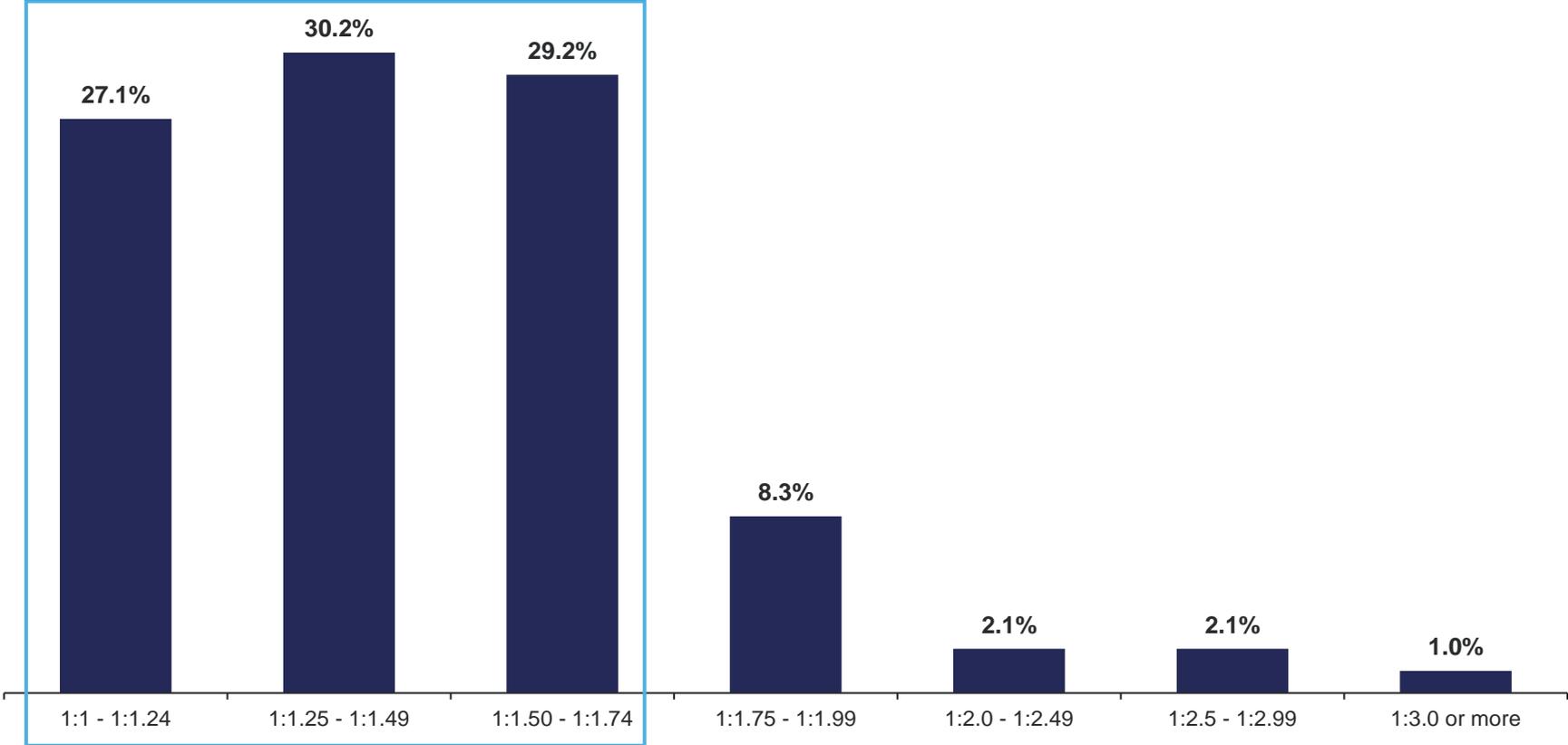
What is your maximum payout level (as a percentage of target)? (n=133)⁽¹⁾



⁽¹⁾ Other responses include varies by metric, varies by year, and various percentages between 110%-230%

Survey participants most commonly reported an average ratio of award payments for average to high performers to be between 1:1 and 1:1.75.

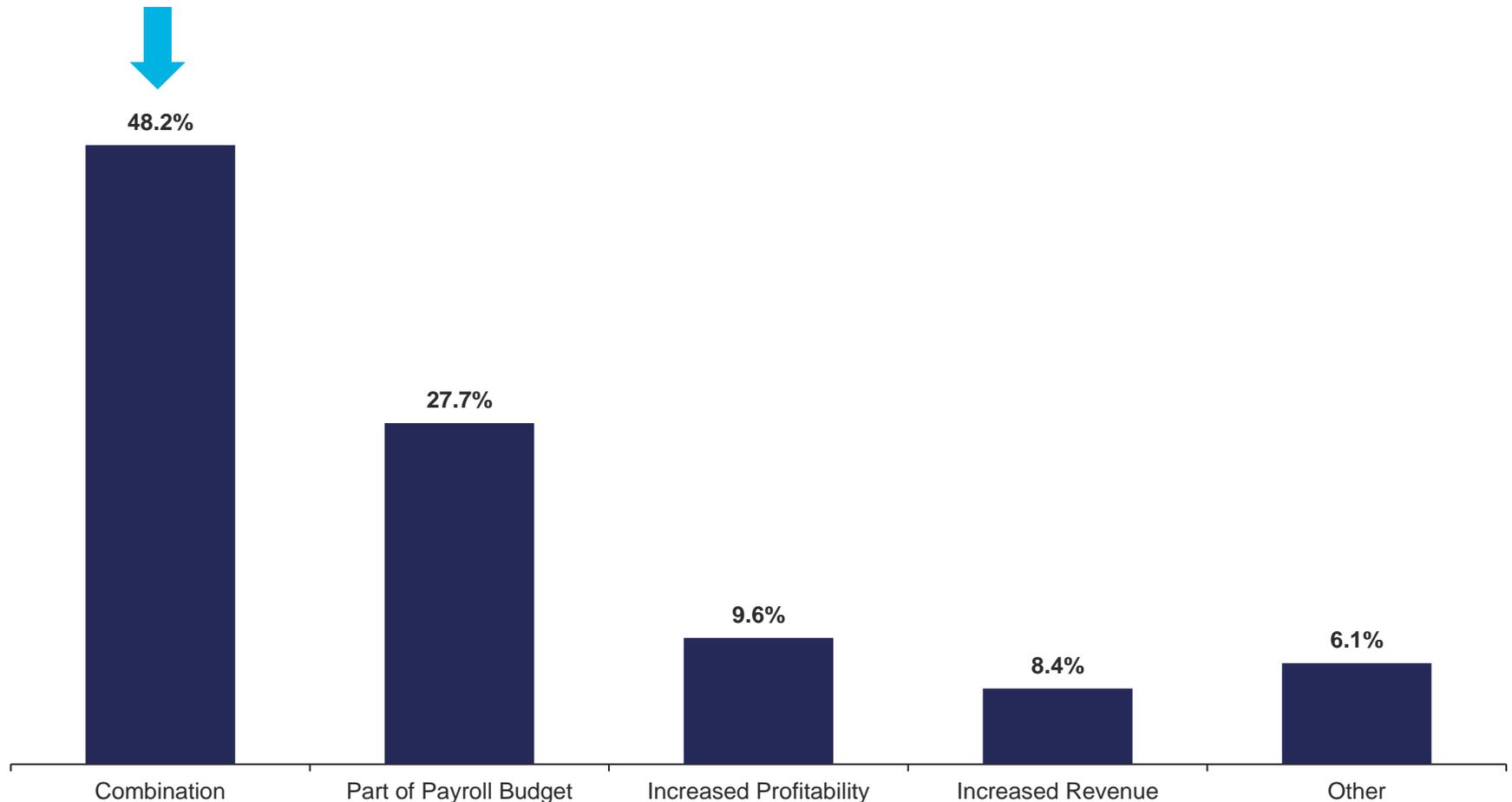
What is the average ratio of award payments for solid "meets expectations" performers compared with high performers? (Example: If the average award paid to a solid performer is \$10,000 and the average award paid to a high performer is \$15,000, then the ratio is 1:1.50, and you would select response 1:1.50 to 1.74.)
(n=166)



(1) Excludes 70 survey participants who selected "Not applicable – individual performance is not determined in awards payments."

48% of survey participants use some combination of the payroll budget, profitability or revenue to determine the annual incentive/bonus pool funding.

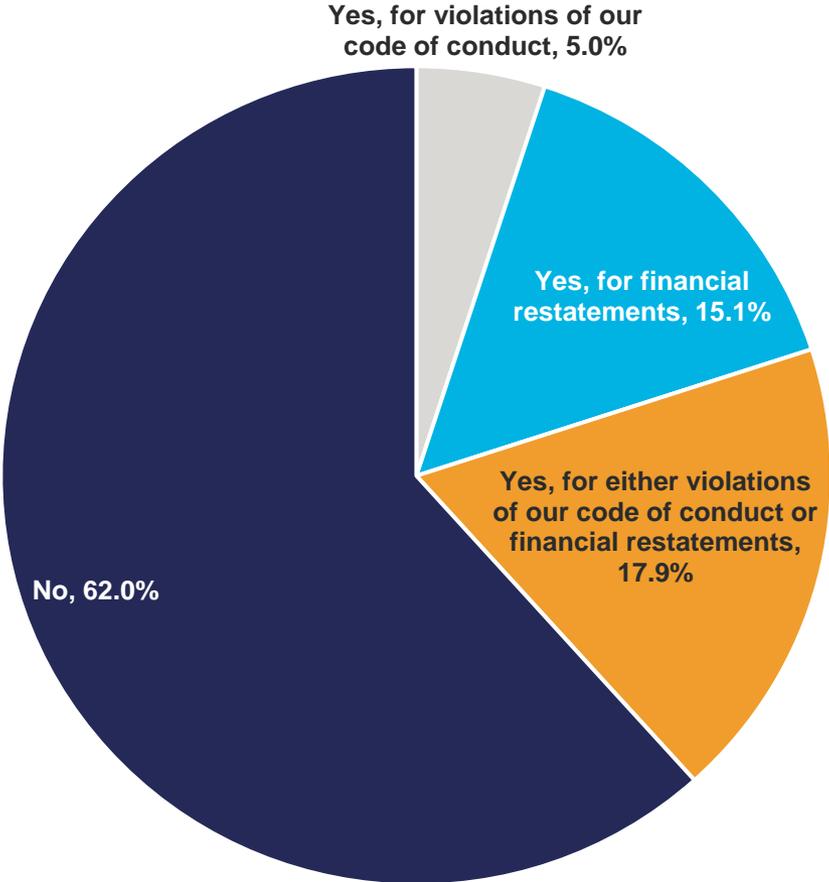
Based on the sum of individual target bonus awards and performance against metrics, how are annual incentive/bonus pools funded in your organization? (n=166)⁽¹⁾



⁽¹⁾ Other responses include budgeted amount and flat amount for discretionary component.

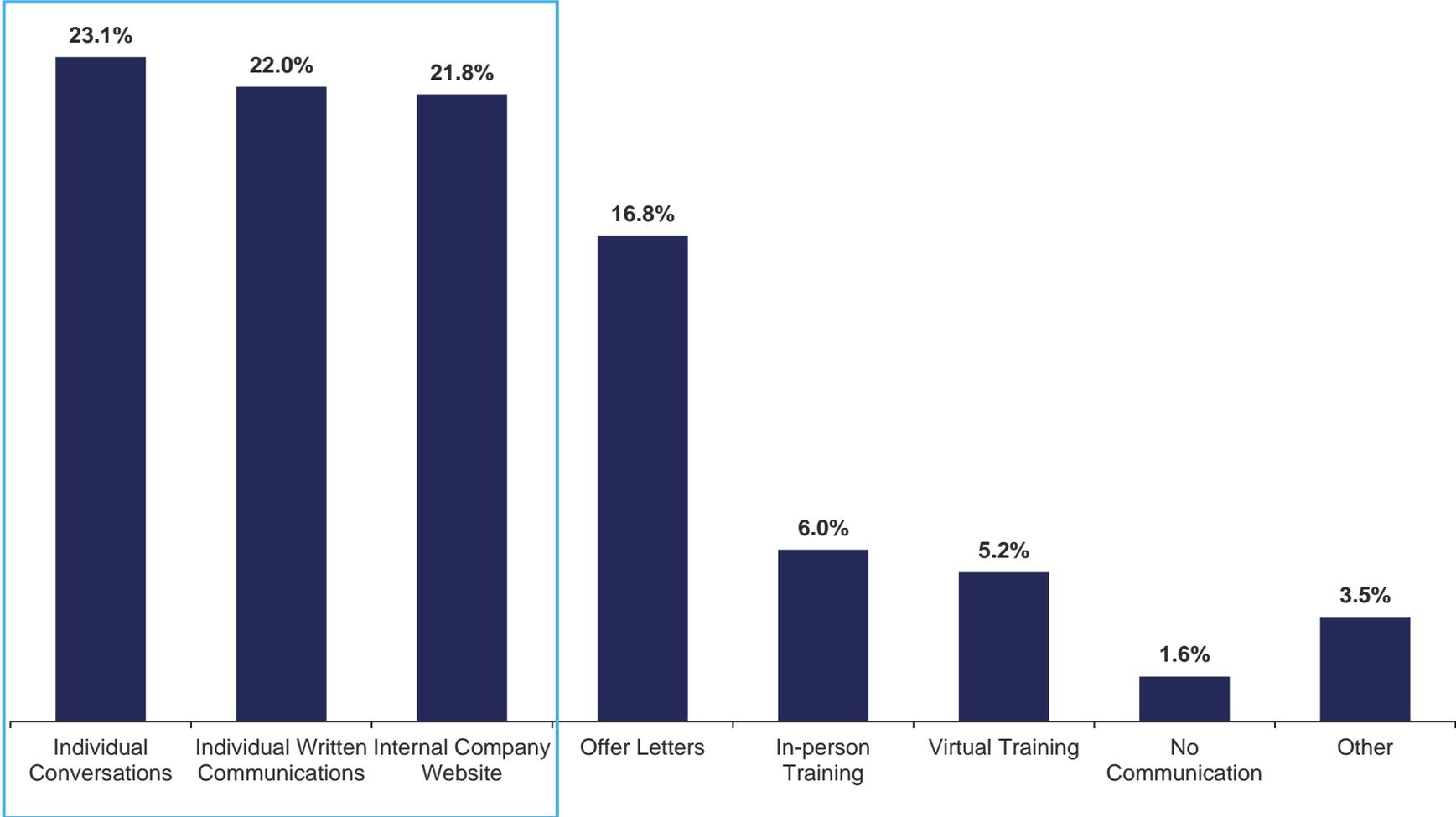
62% of survey participants reported having no clawback policy under their annual incentive plan.

Are payments made under an annual incentive plan subject to a clawback policy? (n=179)



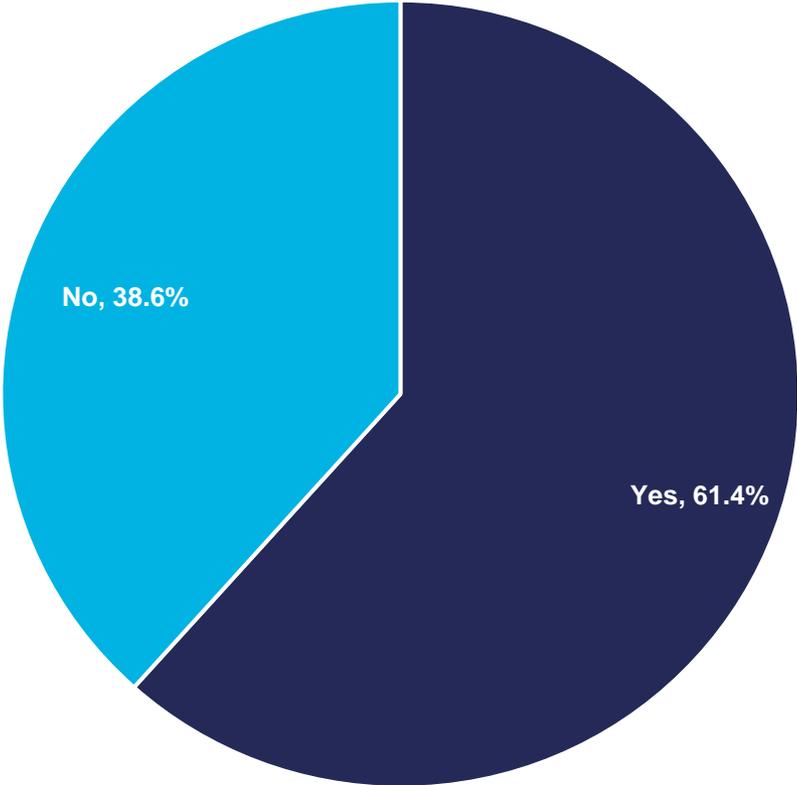
Companies typically communicate their incentive plan design to employees through individual conversations, written communications and the internal company website.

How does your organization communicate annual incentive/bonus plan design to employees? (Select all that apply.) (n=177)



61% of survey participants provide interim progress on the achievement of performance goals throughout the year.

Does your organization communicate interim progress on the achievement of performance goals throughout the year? (n=184)



Other Short-Term Incentives

A variety of secondary short-term incentives plans are used across various employee populations.

Please indicate which of the following employee groups are eligible for the following types of short-term incentives that are offered in the current fiscal year. (Select all that apply.)⁽¹⁾

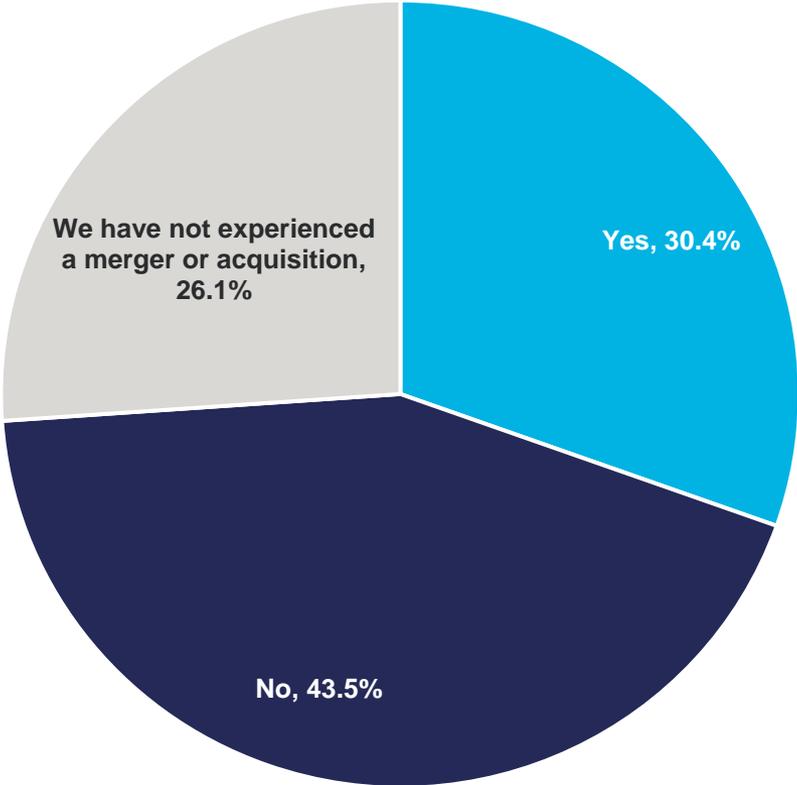
	Nonexempt Hourly Nonunion	Nonexempt Salaried	Exempt Salaried	Officers/Executives
Spot Cash Award Plan (n=98)	62.8%	54.1%	66.2%	26.4%
Retention Bonus Plan (n=78)	24.3%	23.6%	52.7%	41.2%
Discretionary Bonus Plan (n=56)	25.7%	23.0%	37.8%	23.6%
Project Bonus Plan (n=45)	16.2%	14.9%	30.4%	12.8%
Profit-Sharing Plan (n=31)	20.3%	15.5%	20.9%	20.3%
Team/Small-Group Incentive (n=27)⁽²⁾	18.2%	12.2%	18.2%	8.1%
Gainsharing Plan (n=10)⁽²⁾	6.8%	4.7%	2.7%	0.7%

⁽¹⁾ Participants selecting "We do not have this award plan" have been omitted from analysis of this question and table.

⁽²⁾ Total number of participants is less than 30; data corresponding to larger sample sizes will have stronger statistical power and validity.

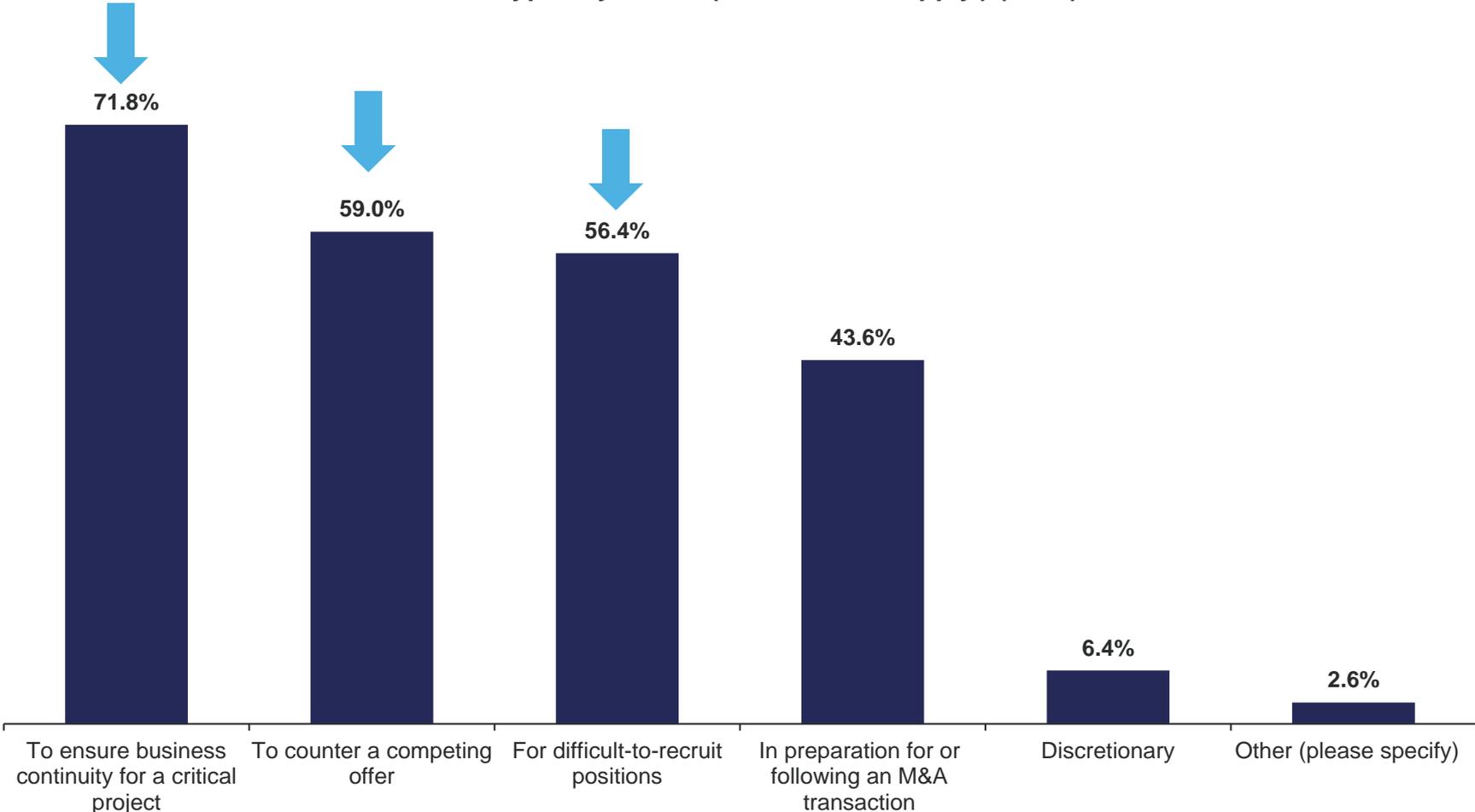
Only 30% of survey participants reported providing a project bonus award for the deal team involved in a M&A transaction.

If your organization has a project bonus plan, are project bonus awards provided to the deal team involved in an M&A transaction? (n=46)



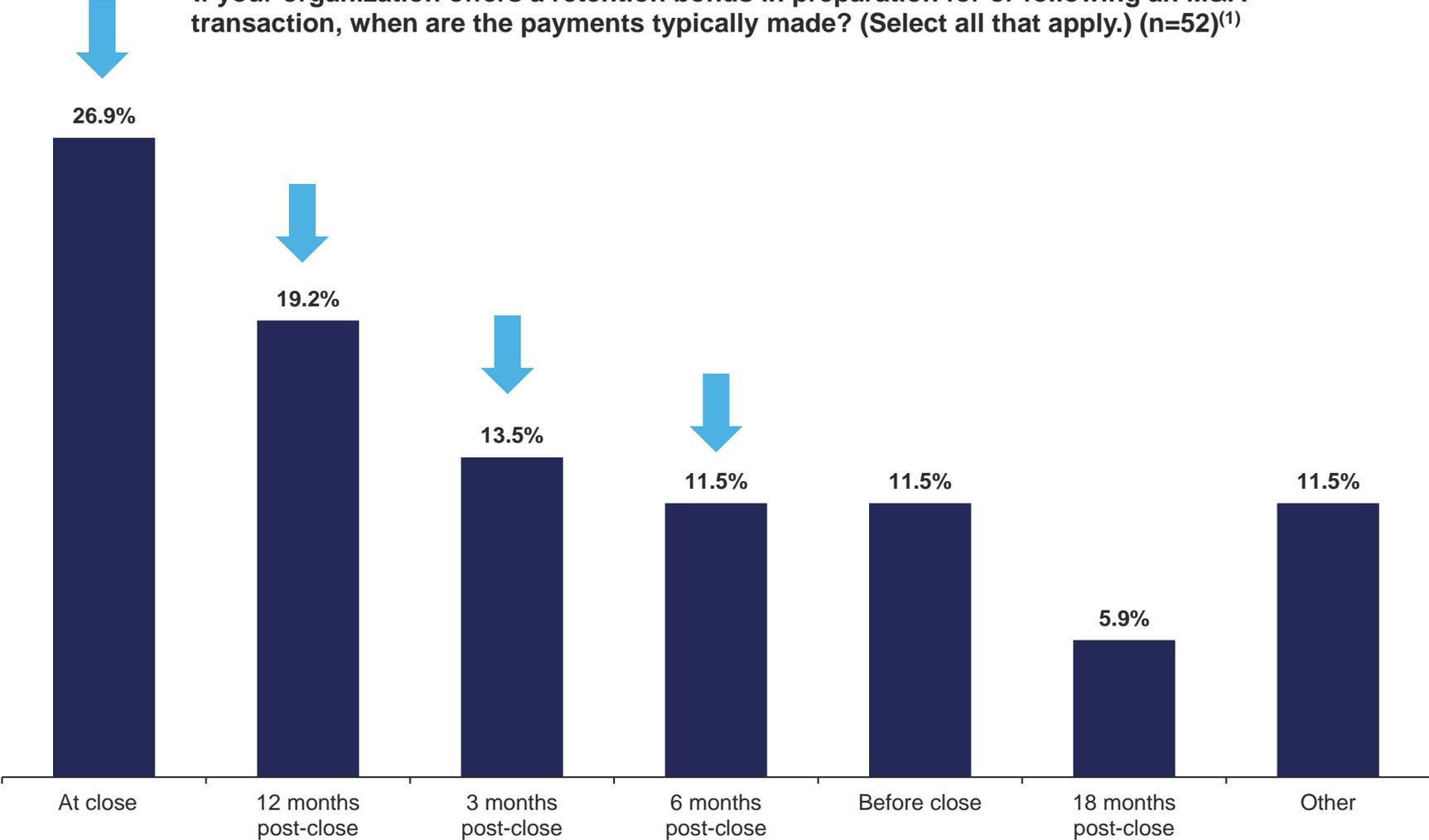
Typically, companies provide retention bonuses to ensure business continuity for a critical project, counter a competing offer and/or to recruit a difficult position.

If your organization offers a retention bonus plan, in what circumstances are retention awards typically used? (Select all that apply.) (n=78)



Approximately 71% of survey participants reported providing a retention bonus within 12 months after the close of a M&A transaction.

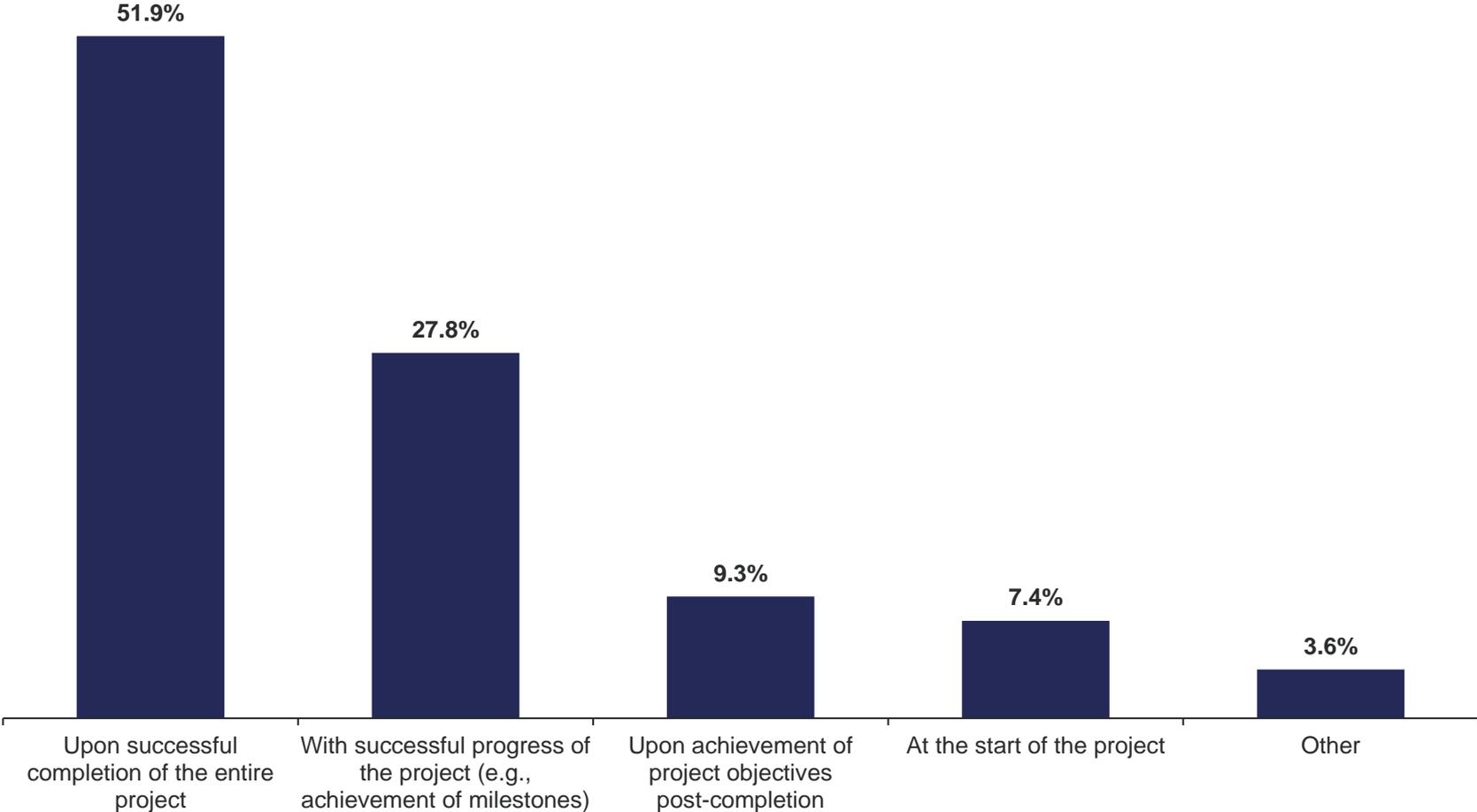
If your organization offers a retention bonus in preparation for or following an M&A transaction, when are the payments typically made? (Select all that apply.) (n=52)⁽¹⁾



⁽¹⁾ Other responses includes discretionary and planning for a reduction in workforce.

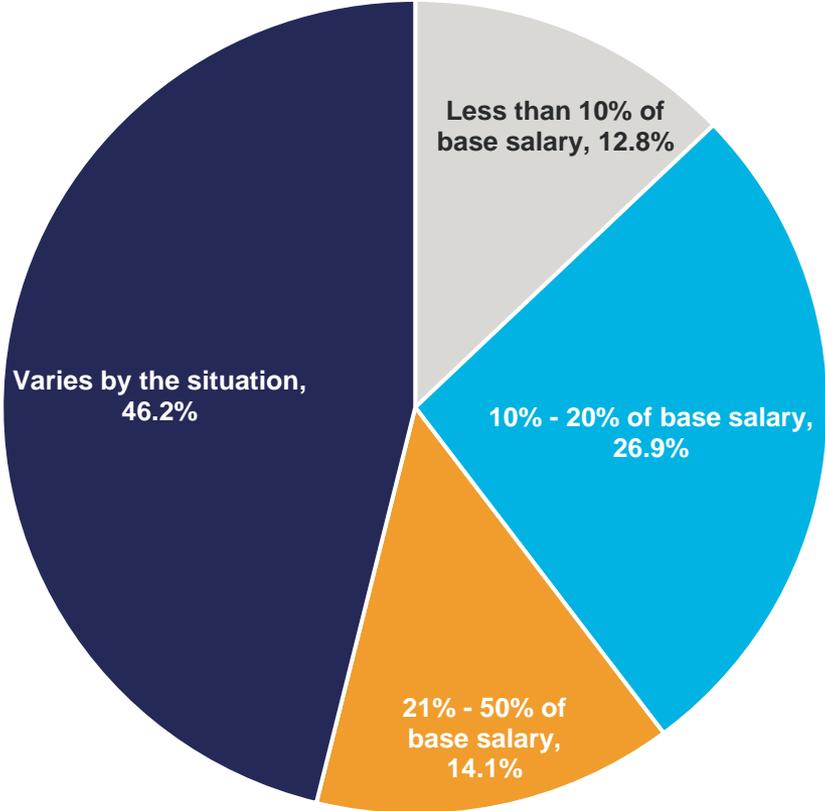
When ensuring business continuity for a critical project, the majority of survey participants reported providing a retention bonus upon successful completion of a project.

If your organization offers a retention bonus to ensure business continuity for a critical project, under what conditions are payments typically made? (n=54)



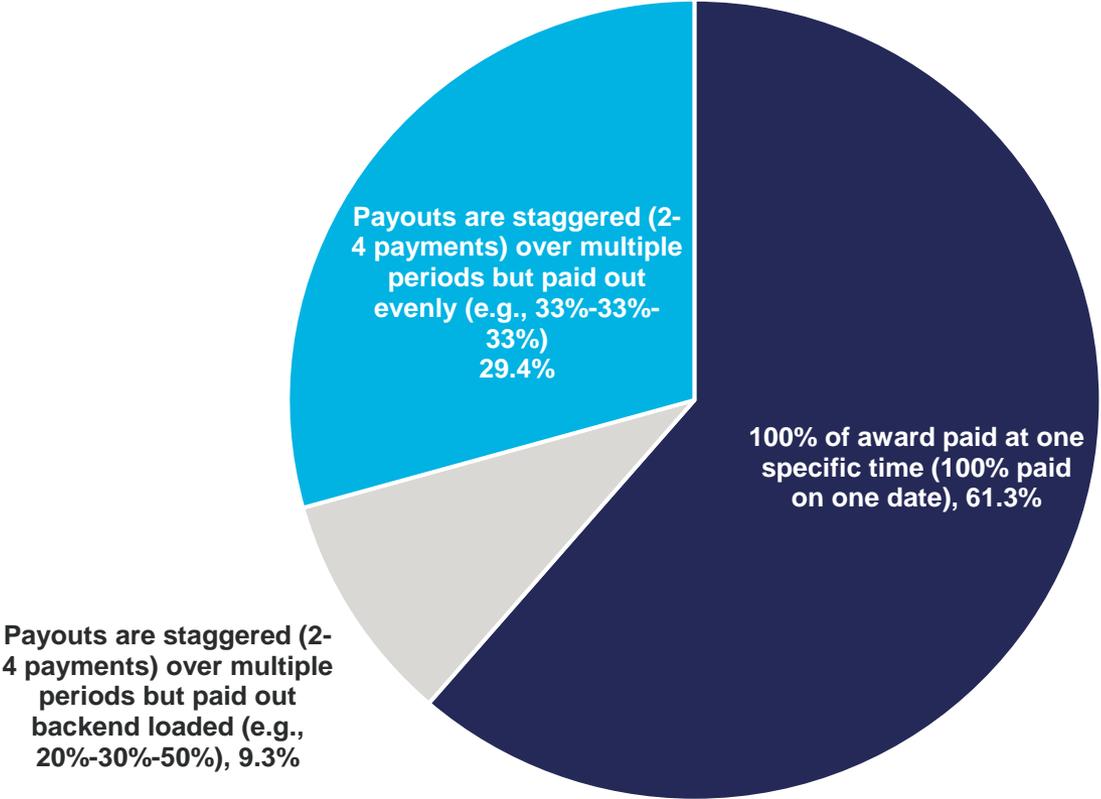
The amount of a retention bonus award (as a percent of base salary) typically varies based on the specific situation.

If your organization offers a retention bonus plan, what are the typical award levels included in the program? (n=78)



61% of survey participants reported providing 100% of the retention bonus plan award at one specific time as opposed to being paid over time.

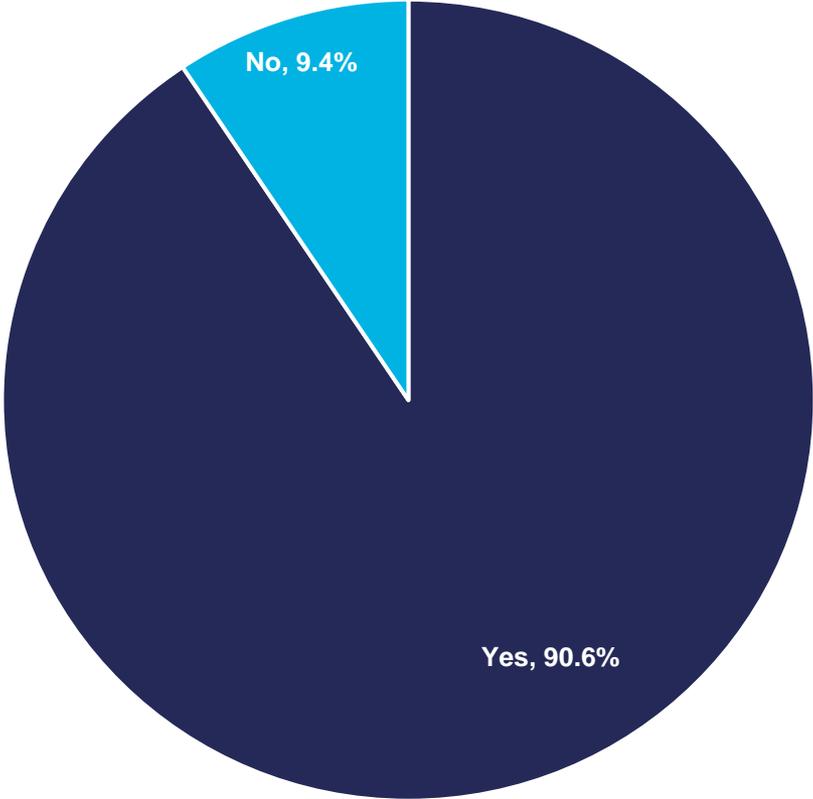
When your organization offers a retention bonus plan, what is the typical payout schedule for awards? (n=75)



Long-Term Incentive Programs

91% of survey participants reported having a long-term incentive program

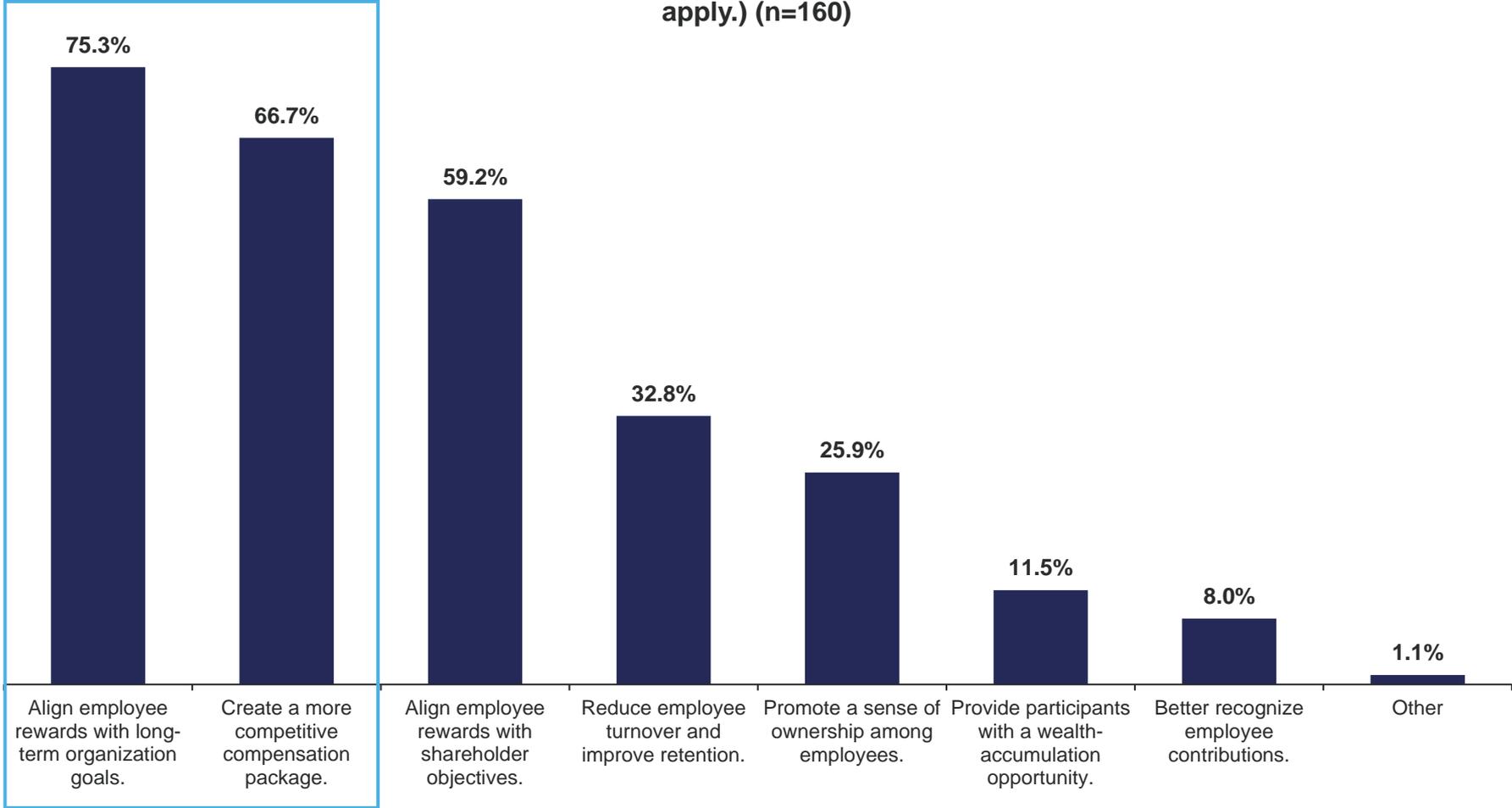
Does your organization have a long-term incentive program?⁽¹⁾
(n=191)



⁽¹⁾ A long-term incentive plan requires sustained performance of the firm or a continuation of service for a period longer than one fiscal year for maximum benefit to the employee.

The top two most common objectives for granting long-term incentives are to align with long-term business goals and create a more competitive compensation package.

What are the top three objectives of your long-term incentive programs? (Select all that apply.) (n=160)



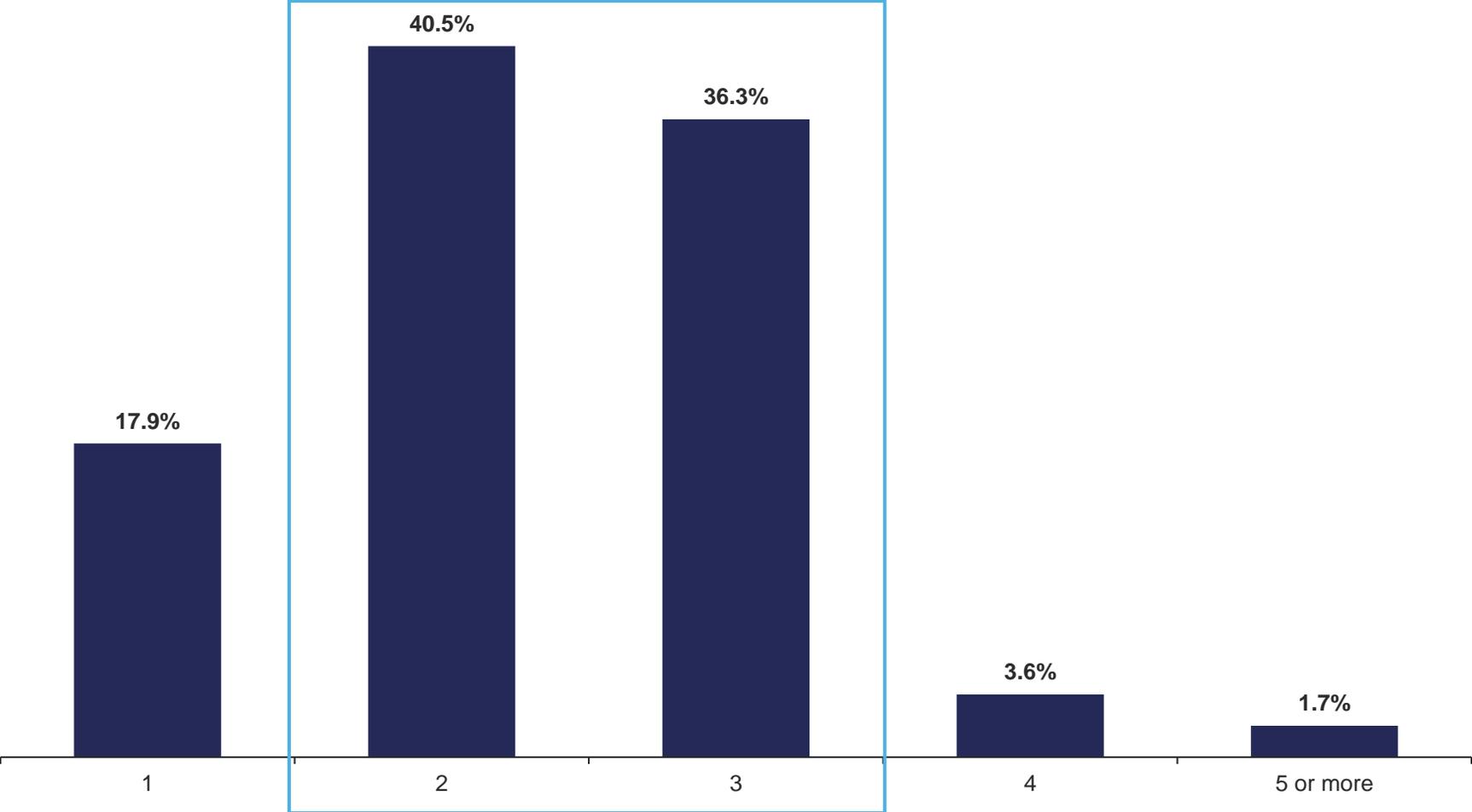
Restricted Stock/Restricted Stock Units is the most common long-term incentive vehicle to grant to salaried employees and officers/executives.

What types of long-term incentive plans does your organization use? (Select all that apply.)

	Nonexempt Hourly Nonunion	Nonexempt Salaried	Exempt Salaried	Officers/Executives	We do not offer this plan
Restricted Stock/Restricted Stock Units (n=167)	4.2%	6.0%	62.9%	90.4%	5.4%
Stock Option (n=136)	2.9%	2.2%	23.5%	55.1%	42.6%
Performance Shares (n=127)	0.0%	0.0%	12.6%	55.1%	44.9%
Performance Units (n=128)	0.8%	0.8%	22.7%	52.3%	46.1%
Long-Term Cash Plan (n=101)	0.0%	0.0%	10.9%	18.8%	76.2%
Stock Appreciation Right (SAR) (n=103)	0.0%	0.0%	1.9%	7.8%	92.2%
Phantom Stock (n=96)	0.0%	0.0%	3.1%	4.2%	94.8%
Other (please specify) (n=55)	1.8%	1.8%	3.6%	1.8%	96.4%

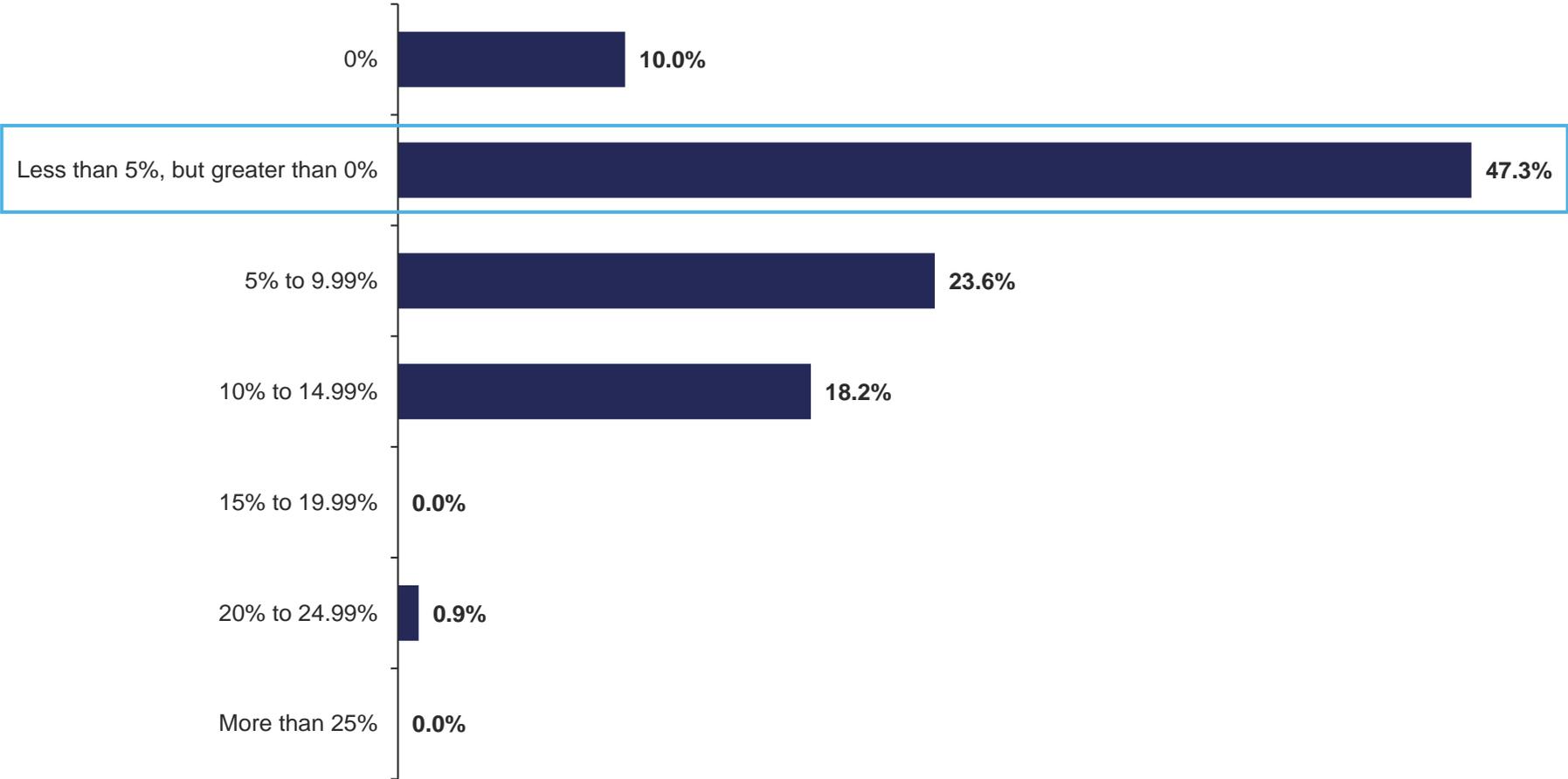
77% of survey participants use 2 or 3 long-term incentive vehicles.

How many long-term incentive vehicles does your organization use? (n=169)



47% of survey respondents have an equity overhang of less than 5%.

What is the level of equity overhang in your organization for the most recent completed fiscal year? (Overhang is the sum of equity awards outstanding divided by the total number of outstanding common shares.) (n=110)



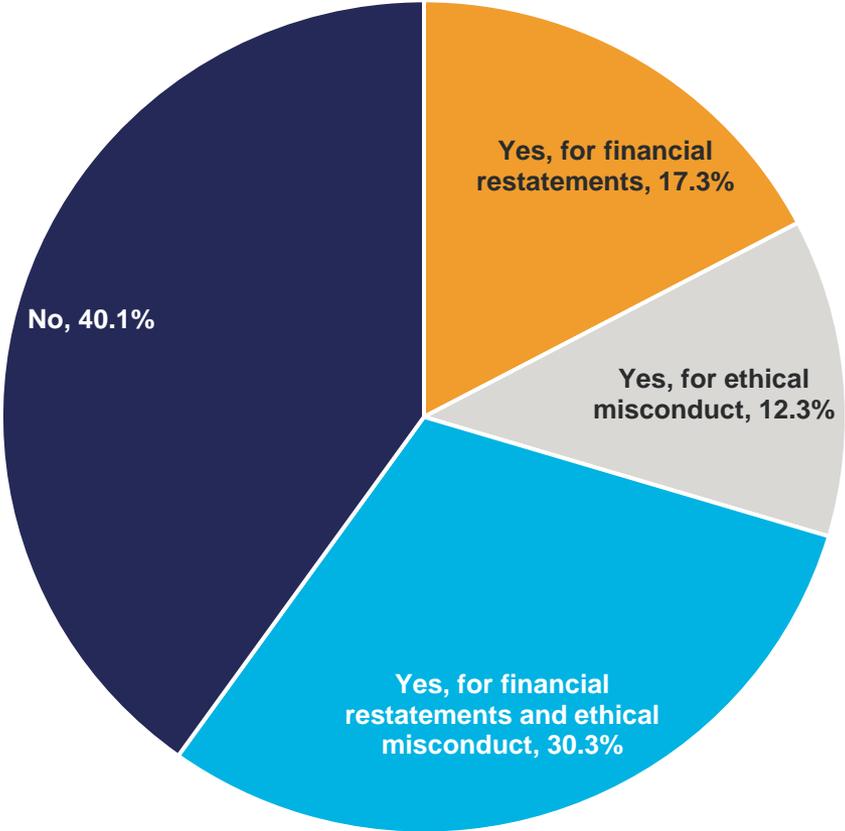
On average, companies typically grant the largest allocation of equity awards to officers/executives.

Based on the most recent annual equity grant, what percentage of your organization’s grant is allocated to each of the following employee groups? (Include all types of equity awards.)

	25th Percentile	Median	75th Percentile	Average
Nonexempt Hourly Nonunion (n=168)	0.0%	0.0%	0.0%	0.5%
Nonexempt Salaried (n=168)	0.0%	0.0%	0.0%	0.4%
Exempt Salaried (n=168)	0.0%	25.0%	50.0%	30.4%
Officers/Executives (excluding CEO) (n=168)	28.8%	50.0%	76.0%	52.5%
CEO (n=168)	3.8%	13.0%	22.3%	16.3%

60% of survey participants reported having some form of clawback policy in their long-term incentive plan.

Are long-term incentives subject to a clawback policy? (n=162)



Methodology and Participant Demographics

Methodology

In July 2018, WorldatWork and Deloitte Consulting LLP invited WorldatWork members and Deloitte Consulting LLP clients to participate in the *2018 Incentive Pay Practices Survey for Publicly-Traded Companies*. Respondents from more than 190 U.S. publicly traded companies participated.

Survey invitations with an online link were emailed to WorldatWork members and Deloitte Consulting LLP clients on July 18, 2018 and survey participation closed on Aug. 10, 2018. The survey was exclusive to publicly-traded U.S. organizations. There were 363 responses in total, although sample size varies by survey question. The final data set was cleaned and analyzed using statistical software. Typical text responses are provided for any questions where “Other” was provided as a response option and received 5% or more of responses.

More than 17 industries are represented by the survey participants, including: manufacturing; financial services and insurance; utilities; retail and wholesale trade; and information services.

The revenue size of responding organizations ranges from \$100 million to more than \$20 billion, while market capitalization ranged from less than \$100 million to more than \$20 billion. The number of full-time employees ranged from 100 to 100,000 employees.

This report summarizes the findings from the *2018 Incentive Pay Practices Survey for Publicly-Traded Companies*. The results of this survey are organized into the following sections: Summary of key incentive design trends; General questions on short-term incentive programs; Annual Incentive/bonus plan design considerations; Other short-term incentive design considerations; and Types of long-term incentive awards.

More specifically, with regard to short-term incentives, this report discusses the prevalence of different types of plans, recent and/or upcoming changes to plans, and incentive plan budgeting and actual spend. This report also includes a deep dive into the annual incentive/bonus design characteristics, such as eligibility, timing of payout, number and type of performance measures, metric weightings, incentive calculation, payout opportunities, sharing ratios, and communications.

With regard to long-term incentives, this report covers the type of LTI vehicle, eligibility, overhang, and allocation of equity awards by employee level.

The full text of the questionnaire can be found [here](#). A list of participating organizations can be found [here](#).

Survey Demographics

Please select the industry that best describes your firm's primary business (n=159)

Participant's Industry	Prevalence
All other manufacturing	23.3%
Finance and Insurance	20.1%
Utilities	13.8%
Information (includes publishing, IT technologies, etc.)	9.4%
Retail trade	8.2%
Chemical Manufacturing (includes Pharmaceuticals)	5.7%
Consulting, professional, scientific and technical services	3.8%
Health care and social assistance	2.5%
Wholesale trade	1.9%
Agriculture, forestry, fishing and hunting	1.3%
Educational Services	1.3%
Mining, quarrying, and oil and gas extraction	1.3%
Transportation	1.3%
Construction	0.6%
Public administration (includes government)	0.6%
Arts, entertainment, and recreation	0.6%
Other	4.4%

Survey Demographics

How many full-time equivalent (FTE) employees does your organization have? (n=180)

Number of Employees	Prevalence
Fewer than 100 employees	0.0%
100 to 499	2.8%
500 to 999	5.6%
1,000 to 2,499	13.3%
2,500 to 4,999	15.6%
5,000 to 9,999	23.3%
10,000 to 19,999	21.1%
20,000 to 39,999	7.8%
40,000 to 99,999	9.4%
100,000 or more employees	1.1%

What is your organization's most recent fiscal year-end revenue? (n=176)

Total Revenue	Prevalence
Less than \$100 million	1.7%
\$100 million to \$499 million	7.4%
\$500 million to \$999 million	9.7%
\$1 billion to \$2.49 billion	23.3%
\$2.5 billion to \$4.9 billion	15.9%
\$5 billion to \$9.9 billion	15.9%
\$10 billion to \$14.9 billion	13.1%
\$15 billion to \$19.9 billion	2.8%
More than \$20 billion	10.2%

Survey Demographics

What is your organization's most recent fiscal year-end market capitalization (the result of multiplying the stock price by the number of shares outstanding)? (n=117)

Market Capitalization	Prevalence
Less than \$100 million	6.8%
\$100 million to \$499 million	12.8%
\$500 million to \$999 million	8.5%
\$1 billion to \$2.49 billion	12.0%
\$2.5 billion to \$4.9 billion	16.2%
\$5 billion to \$9.9 billion	8.5%
\$10 billion to \$14.9 billion	8.5%
\$15 billion to \$19.9 billion	6.8%
More than \$20 billion	19.9%

On which primary exchange is your organization's stock traded? (n=174)

Stock Exchange	Prevalence
NYSE	77.0%
NASDAQ Global Market or NASDAQ Global Select Market	19.0%
Non-U.S. exchange/market	2.8%
NYSE	0.6%
Other system/exchange	0.6%

Survey Demographics

What is the approximate annual voluntary turnover for employees in your organization?⁽¹⁾
(n=151)

Employee Turnover %	Prevalence
0% - 4.9%	11%
5% - 9.9%	40%
10% - 14.9%	23%
15% - 19.9%	12%
20% - 26.9%	7%
27% - 39.9%	2%
40% or more	5%

⁽¹⁾ Voluntary turnover consists of voluntary separations by employees (often referred to as quits) and does not include: Mandated retirements; Layoffs; Discharges; Terminations (permanent or short-term employees or seasonal employees); Transfers to other locations; Deaths; or Separations due to disability.

Survey Glossary

Short-Term Incentive Glossary

Annual Incentive Plan (AIP): A plan designed to reward the accomplishment of specific results. Rewards usually are tied to expected results identified at the beginning of the performance cycle. In contrast to bonuses, the AIP is communicated upfront and is not primarily discretionary, but may have a discretionary component.

Discretionary Bonus Plan: A plan in which management determines the size of the bonus pool and the amounts to be allocated to specific individuals after a performance period. These have no predetermined formulas or promises and are not guaranteed.

Spot Cash Awards: Spot cash awards recognize special contributions as they occur for a specific project or task. Spot awards usually are for a special contribution accomplished over a relatively short-term period.

Profit-Sharing Plan: A plan providing for employee participation in the profits of an organization. The plan normally includes a predetermined and predefined formula for allocating profit shares among participants, and for distributing funds accumulated under the plan. However, some plans are discretionary. Funds may be distributed in cash, deferred as a qualified retirement program or distributed in a combination of cash and deferred compensation.

Gain-Sharing Plans: Any one of a number of incentive programs designed to share the results of productivity gains with employees as a group.

Team/Small-Group Incentives: Any incentive program that focuses on the performance of a small group, usually a work team. These incentive programs are most useful when measurable output is the result of group effort and individual contributions are difficult to separate from the group effort.

Project Bonus: A form of additional compensation paid to an employee or department as a reward for achieving a specific project. A project bonus is compensation beyond normal wages (typically awarded after an appraisal and analysis of a project completed by the employee over a specific period of time).

Retention Bonus: A payment or reward outside of an employee's regular salary that is offered as an incentive to keep a key employee on the job during a particularly crucial business event, like a merger or acquisition, or during a crucial production period.

Long-Term Incentive Glossary

Stock Option: A contractual right granted to the employee by the company to purchase a specified number of shares of the company's stock at a specified price (the exercise price) for a specified period of time (usually 10 years).

Restricted Stock: Grants of shares of the company's stock subject to restrictions on sale and risk of forfeiture until vested by continued employment (also includes restricted stock units).

Phantom Stock: A type of incentive grant in which the recipient is not issued actual shares of stock on the grant date but receives an account credited with a certain number of hypothetical shares. The value of the account increases or decreases over time based on the appreciation or depreciation of the stock price and the crediting of phantom dividends. Payout may be settled in cash or stock.

Stock Appreciation Right (SAR): A contractual right that allows an individual to receive cash or stock of a value equal to the appreciation of the stock price from grant date to the date the SAR is exercised.

Long-Term Cash Plan: Cash awards whose payment is contingent on performance as measured against predetermined financial or strategic objectives over a multi-year period of time.

Performance Shares: Grants of actual shares of stock, the payment of which is contingent on performance as measured against predetermined objectives over a multi-year period of time. Payout may be settled in stock.

Performance Units: Grants of dollar-dominated units whose value is contingent on performance against predetermined objectives over a multi-year period of time. Actual payouts may be in cash or stock. (Programs using performance units also may allow deferrals.)

Performance Gate/Threshold: Also referred to as "hurdle," "safety trigger," "qualifier" or "circuit breaker," this is the minimum level of performance that must be achieved before any incentive/bonus can be earned.

Equity Overhang: The sum of any new shares proposed to be reserved at the company's most recent annual shareholder meeting, plus shares disclosed as still available for grants under continuing equity compensation plans, plus the shares subject to outstanding equity instruments, divided by the total number of outstanding common shares.

Contact Information

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