

Pearl Meyer

Quick Poll

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Officer Titling in the Financial
Industry



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Introduction

Our Quick Poll survey, “Officer Titling in the Financial Industry” was designed to provide an industry perspective on how peer organizations structure job titles. We look at how participating organizations structure their officer roles, including how officer titles are determined, how promotion decisions are made, and what benefits and perks go with the title/role.

Ninety-two financial institutions participated in the survey, representing a combination of public and private banks and credit unions. As states enact pay equity legislation, officer titling and the accompanying compensation, benefits, and perquisites will require closer scrutiny to ensure there is a systematic and defensible approach to officer titling. We dive deeper into the data in this report and look at patterns and practices across the industry.

We hope you find this information useful as you think about your current organizational structure. If you have any questions or are interested in discussing these findings, please contact:

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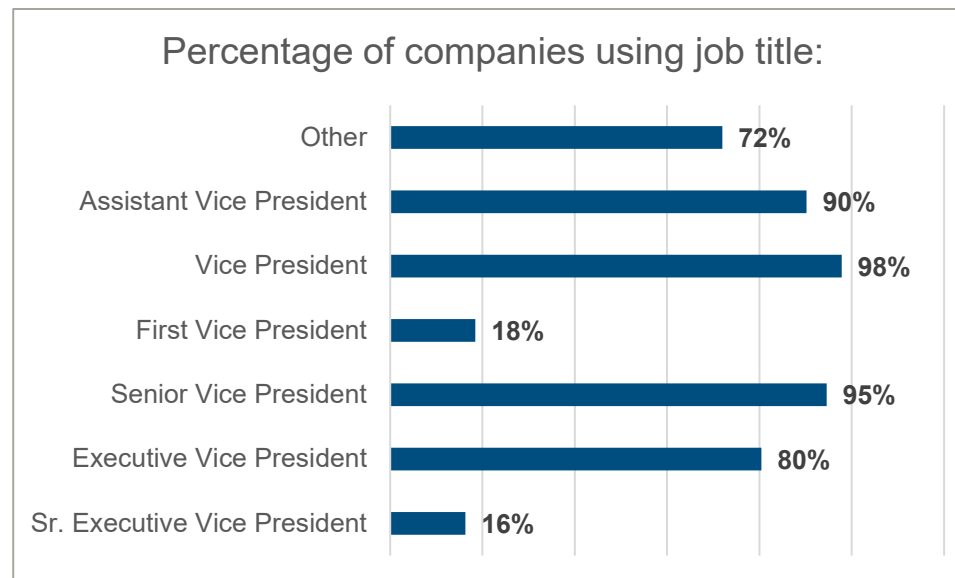
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Officer Titles

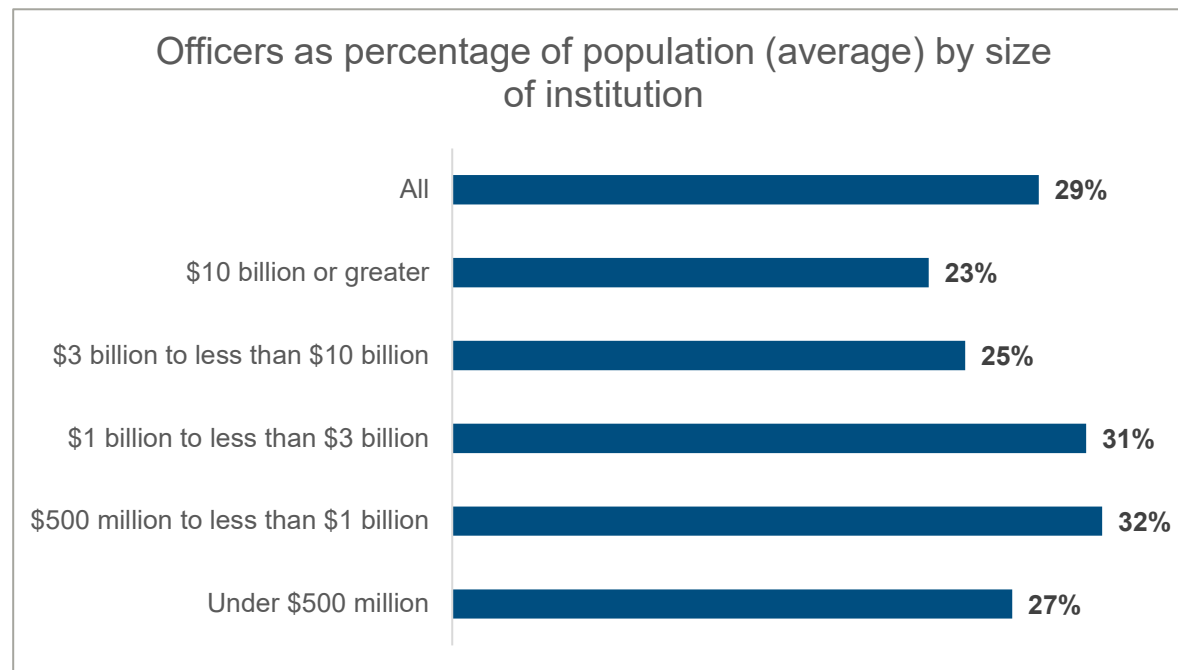
Officer Titling

- The most widely used officer titles amongst participants are assistant vice president (AVP), vice president (VP), and senior vice president (SVP). Nearly all organizations use these titles.
- The most widely used title is vice president with 98% of participants indicating usage, followed by senior vice president with 95% utilizing this title.
- Slightly more than two thirds of the organizations had other job titles in addition to those that were suggested in the survey that are classified as “officers” in their organizations.



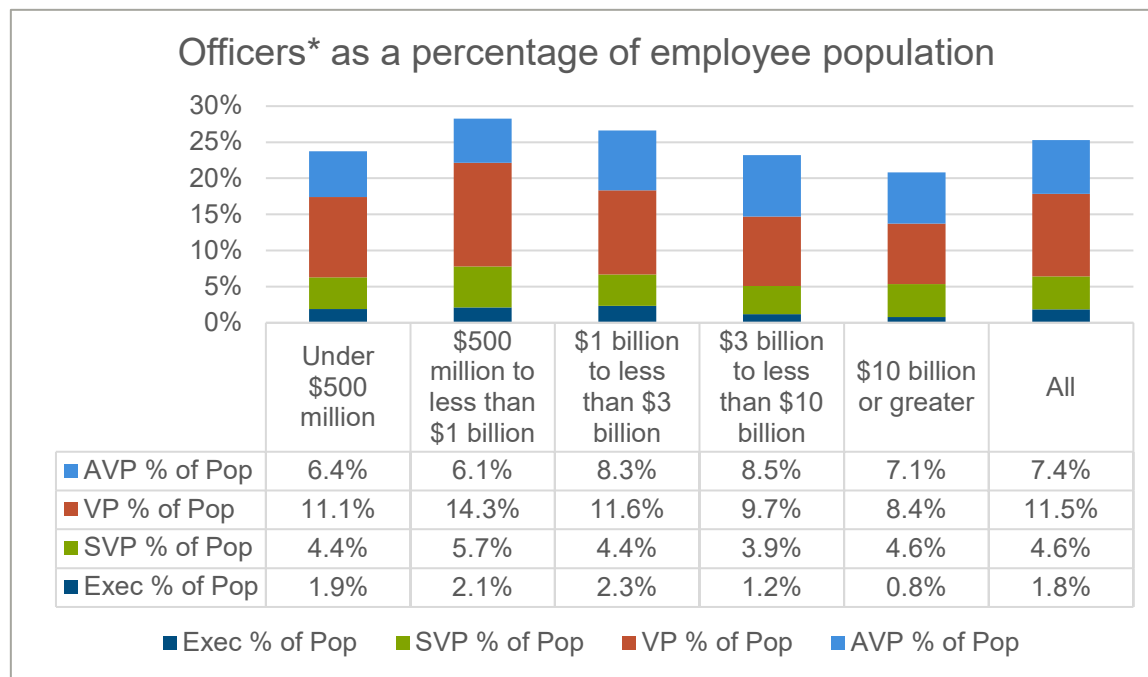
Ratio of Officer-Level to Overall Employee Population

- The percentage of officer-level employees to the overall employee population averaged 29%, ranging from 23% in the largest organizations to a high of 32% in the \$500 million - \$1 billion asset-size category.



Executives, Vice Presidents, and Assistant Vice Presidents

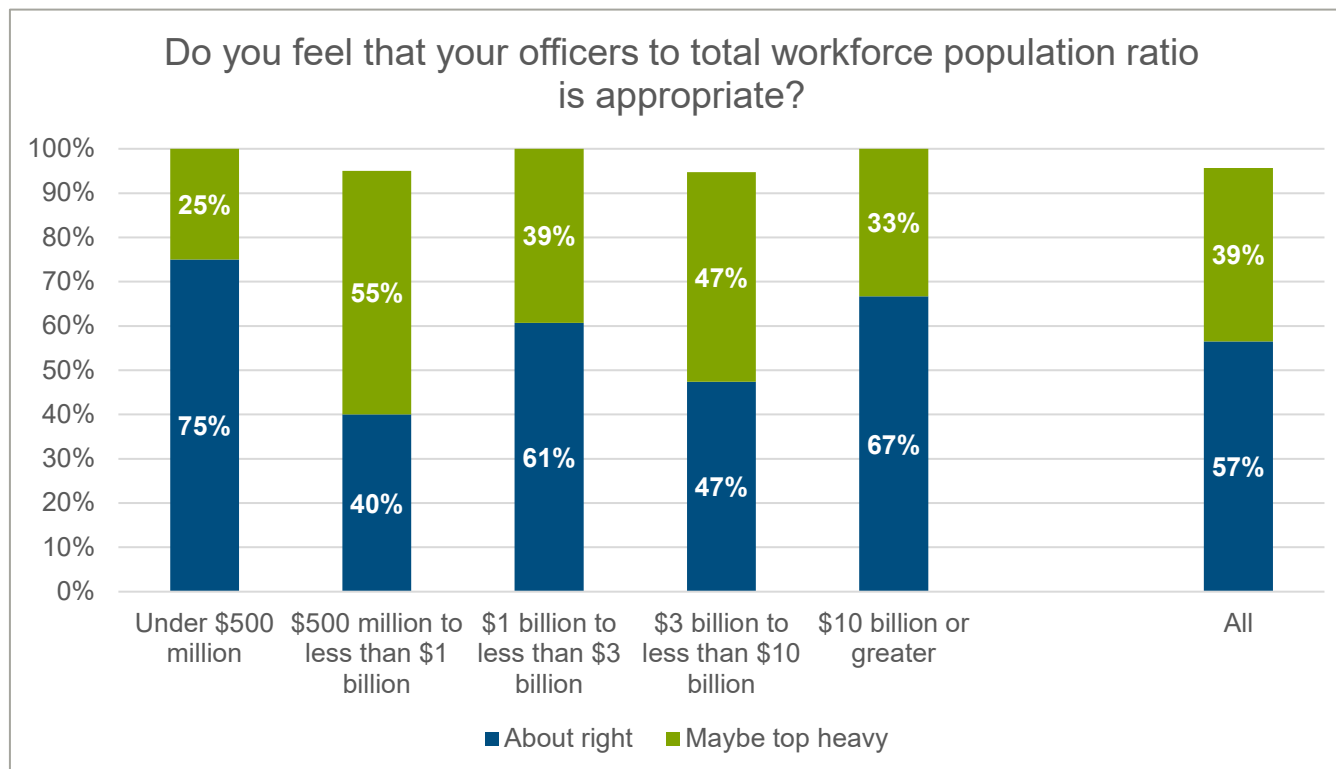
- Breaking down officer representation as a percent of total employee population, we combined Sr. EVP and EVP into an “executive” category and first vice president and vice president into a “VP” category.
- Across all asset sizes, the largest population of officers is at the VP level.



*Officers minus the “other officer” category

Is Your Organization Feeling Top Heavy?

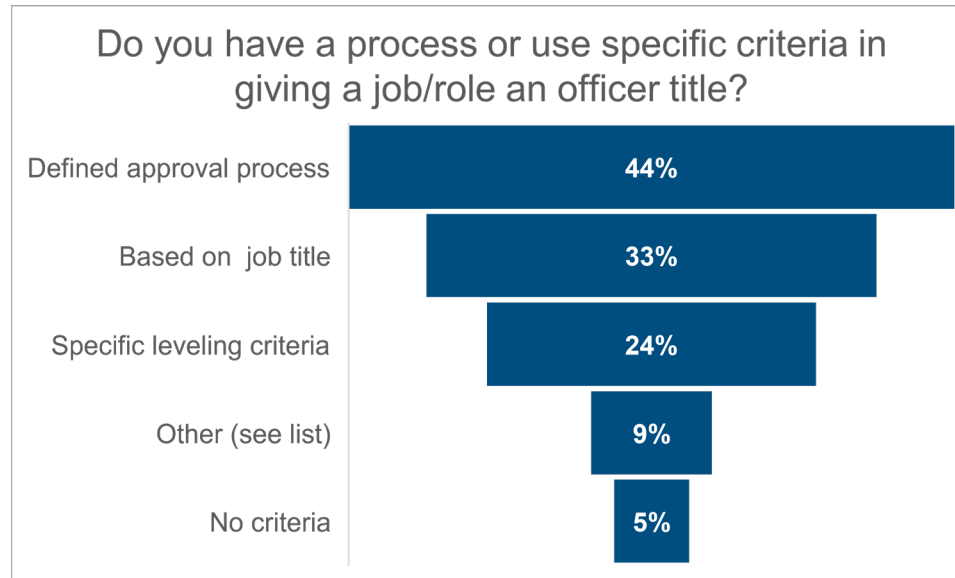
- There were not big differences in percent of population who are officer level across asset sizes, yet some asset categories report that they may be top heavy, most notably the \$500 million - \$1 billion (55%) and \$3 billion - \$10 billion (47%) ranges feeling that they may have too many officers.





Job Leveling and Promotions

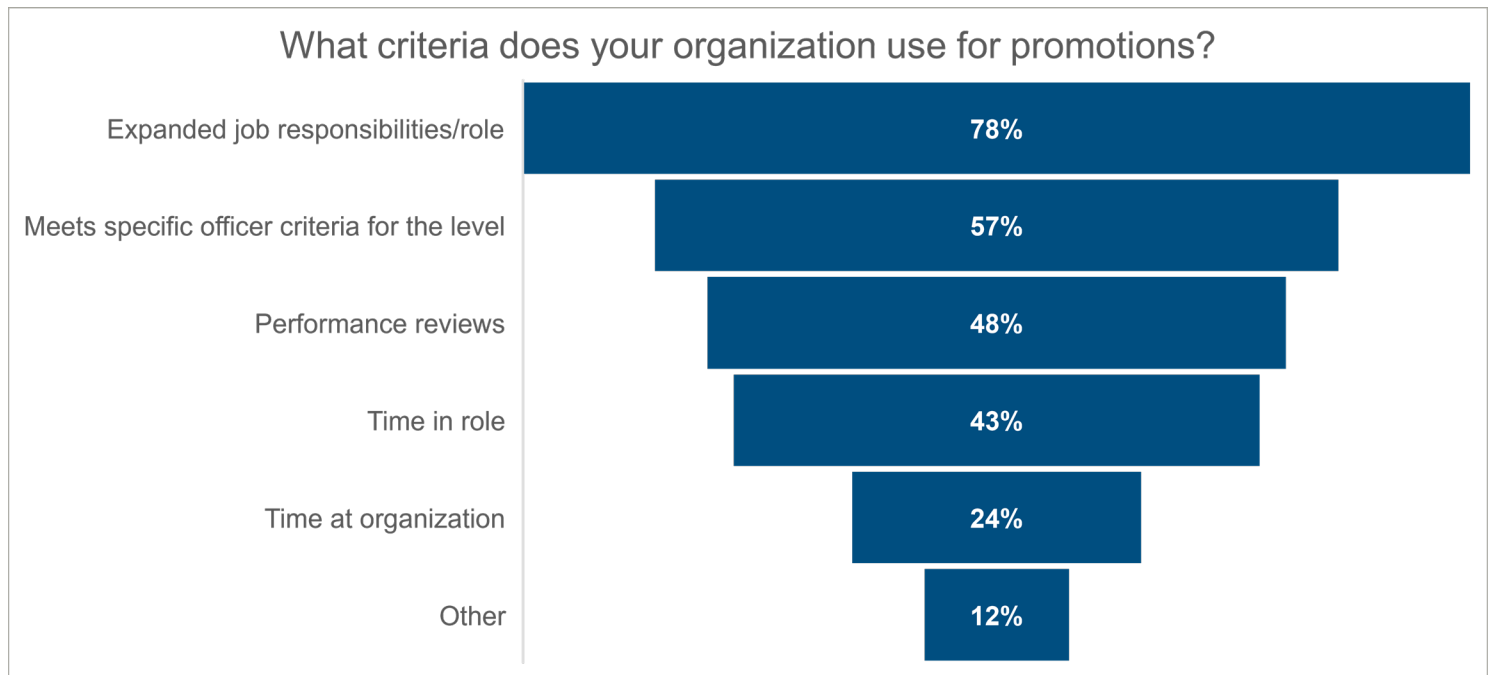
Criteria for Officer Title



Other criteria used:

- Review for consistency across job grades for title to ensure an objective data point is reviewed
- Position and performance of the employee
- Peer group and time-based promotions
- Contributing experience level
- Experience, time in current role, etc.
- Signatory requirements to 3rd parties
- Based on size of department, level of responsibility

Criteria for Promotions to Officer Level



Other promotion criteria:

- Leadership capabilities, level of customer interaction
- Request by management
- Their specific job title/function
- Manager recommendation
- Must go through management trainee program and work through officer levels
- Combination of job responsibility, individual performance, and historical practice
- Demonstration of core competencies defined for each level
- Nothing formal in place at this time
- Qualifications
- Several officers were hired (not promoted) and provided a title based on previous experience



Benefits and Perquisites

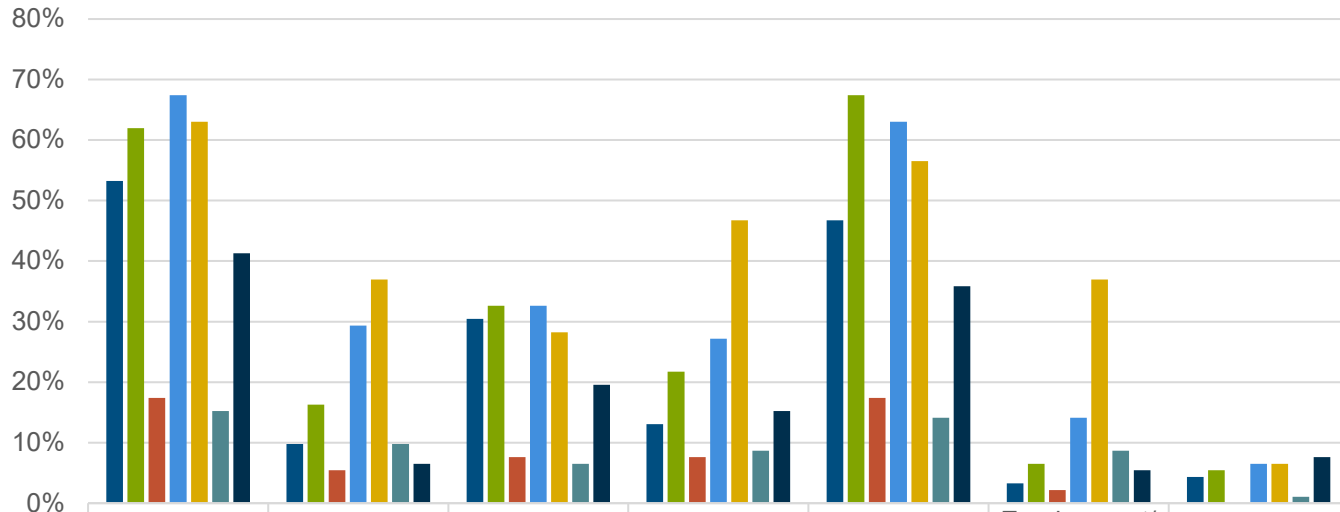
Benefits and Perquisites Offered to Officer Levels

- The most widely used benefits and perquisites based on officer title are annual cash bonus and enhanced PTO/vacation (91%).
 - Annual incentive opportunity based on officer title has the potential to create pay equity issues if the organization does not have specific and defined leveling criteria.
- The annual equity awards based on officer title percentage is low due to 62% of survey participants being private or not-for-profit.
 - 95% of public banks offer equity grants to their EVP and Sr. EVP levels and just under 60% offer this benefit to SVP level officers.



Benefits and Perquisites By Level

Percentage of organizations offering officer benefits and perquisites



	Annual Cash Bonus	Annual Equity Awards	Assigned Grade Level/Range	Supplemental Benefits	PTO/Vacation	Employment/Change in Control/Severance	Other Perks
■ AVP	53.3%	9.8%	30.4%	13.0%	46.7%	3.3%	4.3%
■ VP	62.0%	16.3%	32.6%	21.7%	67.4%	6.5%	5.4%
■ FVP	17.4%	5.4%	7.6%	7.6%	17.4%	2.2%	0.0%
■ SVP	67.4%	29.3%	32.6%	27.2%	63.0%	14.1%	6.5%
■ EVP/Chief	63.0%	37.0%	28.3%	46.7%	56.5%	37.0%	6.5%
■ Sr. EVP	15.2%	9.8%	6.5%	8.7%	14.1%	8.7%	1.1%
■ Other Officers	41.3%	6.5%	19.6%	15.2%	35.9%	5.4%	7.6%

■ AVP ■ VP ■ FVP ■ SVP ■ EVP/Chief ■ Sr. EVP ■ Other Officers

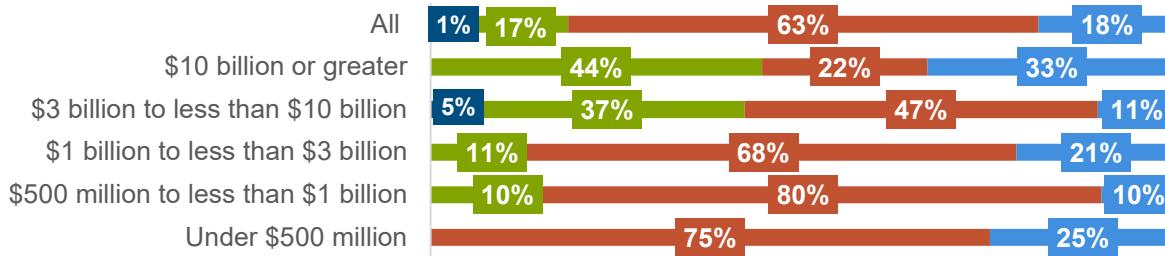


Organizational Satisfaction

Officer Titling: Organizational Satisfaction

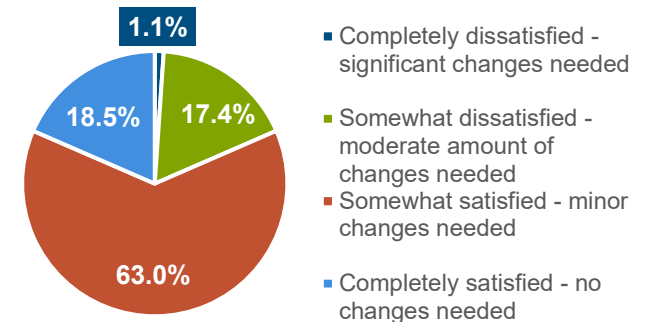
- Less than 20% are completely satisfied with the way officer titling is determined while 63% are somewhat satisfied and feel minor changes are needed.
- Financial institutions with assets over \$3 billion are less satisfied and feel that moderate amounts of changes are needed.

How satisfied are you with officer titling?



- Completely dissatisfied - significant changes needed
- Somewhat dissatisfied - moderate amount of changes needed
- Somewhat satisfied - minor changes needed
- Completely satisfied - no changes needed

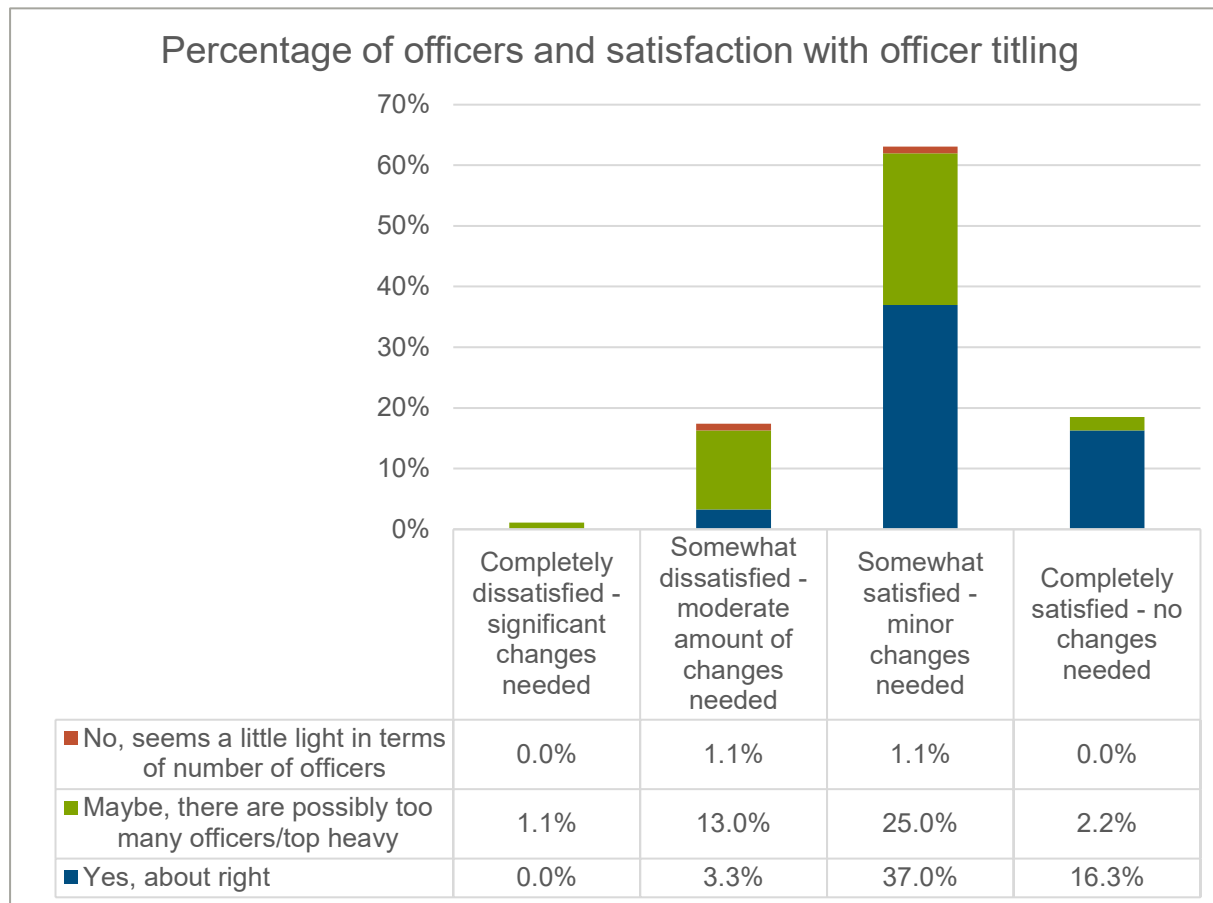
How satisfied are you with your officer titling?



- Completely dissatisfied - significant changes needed
- Somewhat dissatisfied - moderate amount of changes needed
- Somewhat satisfied - minor changes needed
- Completely satisfied - no changes needed

Perception of Top-Heaviness vs. Satisfaction

- Organizations that feel they may be officer top heavy are more likely to be somewhat dissatisfied with the officer titling process and feel that moderate changes are needed.





Summary

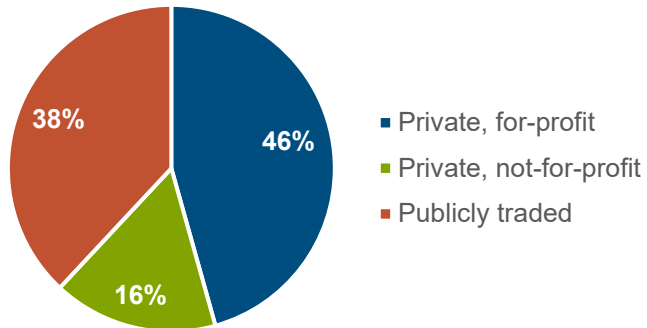
- Our survey results indicate financial organizations range in their percentage of officers versus the general population from an average for large institutions (\$3 billion+) of 23% - 25%, to those with assets of over \$500 million - \$3 billion having an average of slightly over 30%.
- Generally, participants felt that they had the appropriate percentage of officers versus total population, with financial institutions in the \$500 million - \$1 billion and those in the \$3 billion - \$10 billion feeling that they may be top heavy.
- Close to two thirds of organizations were “somewhat” satisfied with their officer titling process and felt minor changes were needed.
- Organizations appear to take a combined approach to determining officer levels: Taking into account both responsibilities and individual attributes (performance, tenure, etc.).
- Not surprisingly, officer titling most frequently impacts incentive awards and PTO/vacation time.
- As states enact pay equity legislation, officer titling and the accompanying compensation, benefits, and perquisites will require closer scrutiny to ensure there is a systematic and defensible approach to officer titling.



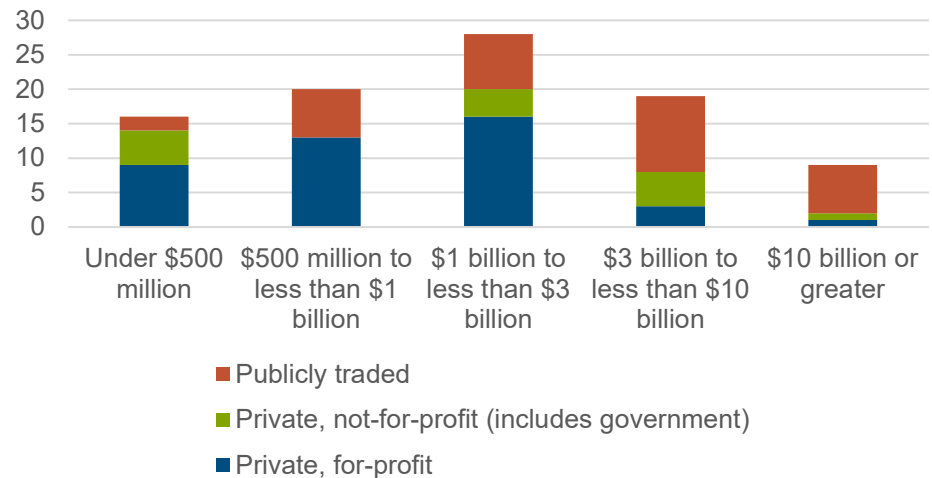
Survey Demographics

Demographics by Size and Ownership Type

Type of Ownership



Participants by size and type





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Rochester, and San Jose.



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