

CEO UPDATE

Customized Salary Report

TARGET ASSOCIATION: Association of Sample Reports, Int'l.

TARGET ASSOCIATION

Association of Sample Reports, International

MEDIAN SALARY OF CEOS IN THE DATA SET

ANNUAL COMPENSATION
\$654,987

MEDIAN BASE
\$498,979 (100% participation)

MEDIAN BONUS
\$96,719 (75% participation)

MEDIAN DEFERRED
\$34,456 (83% participation)

PREPARED ON MARCH 19, 2020

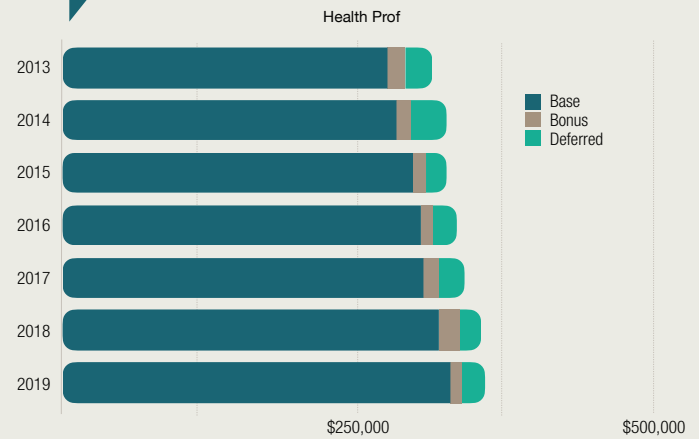
COMPARABLE SALARIES

ANNUAL COMPENSATION: base + bonus + deferred

- \$1,208,280**
Council for Continuing Plans Education
- \$986,182**
Reports Leadership Council
- \$766,754**
Sample Industry Manufacturers Association
- \$753,125**
Association for Reports and Plans
- \$658,038**
National Association for Government Reports
- \$654,917**
Business Group on Samples
- \$635,253**
AGIG: The Contracts Association
- \$633,662**
Plansumption
- \$605,881**
American Laboratory Home-based Reports Association
- \$584,026**
American Graphic Plans Association
- \$566,236**
Community Reports Alliance
- \$560,570**
Group Plan Manufacturers
- \$558,021**
Society of Sample Americans
- \$443,122**
International Association of Sample Buildings

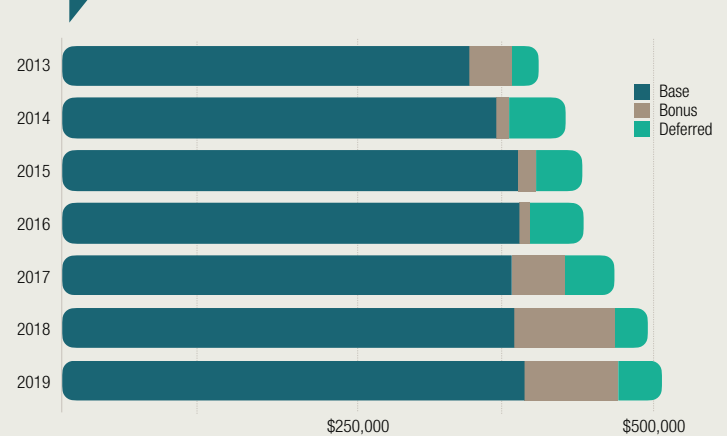
SALARY TREND OF COMPARABLE ASSOCIATIONS

MEDIAN ANNUAL COMPENSATION: base + bonus + deferred

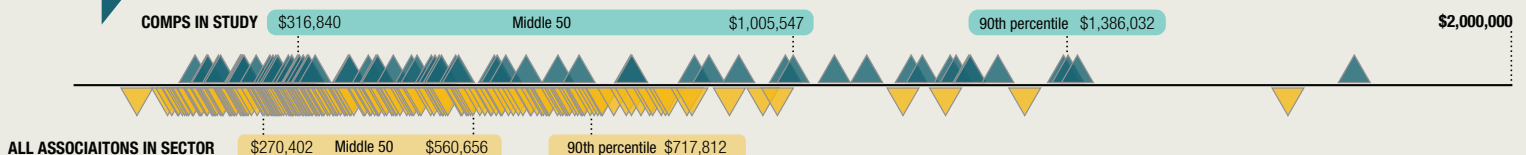


SALARY TREND OF ALL GROUPS IN THE SECTOR

MEDIAN ANNUAL COMPENSATION: base + bonus + deferred



DISTRIBUTION OF ANNUAL COMPENSATION: base + bonus + deferred



TARGET ASSOCIATION: Association of Sample Reports, Int'l.

Midsize associations (\$6M to \$10M)

Type: Trade

Activity: Advocacy

Sector: Health

Metro Location: Washington, DC

Staff: ~24

EXECUTIVE SUMMARY

IRS disclosure data shows that the typical total annual compensation range for CEOs leading associations that closely match the target organization is between \$563,373 and \$705,561. The median for 2019 is \$633,642. That figure includes base pay, incentive pay and the annual amount the organization deferred toward the CEO's retirement plan, qualified or non-qualified. Bonuses were paid by 75% of comparable organizations and the median bonus was \$96,719. The median amount of deferred compensation was \$34,456.

ABOUT THE DATA CATEGORIES

CEO Update researchers calculate this data using multiple public sources of information, including annual IRS disclosures, proprietary forms and inside the Association of Data Executives from our in-house database division, Association Intelligence.

CEO Update's customized data reports track five areas of compensation but only three areas accurately inform an executive's Annual Compensation (AC): (1) base pay, (2) bonus/incentive pay and (3) contributions toward retirement, qualified or non-qualified. Those categories are the basis of trackable compensation and those figures include all taxable compensation and benefits, even when some compensation is paid at a later date, such as a supplemental executive retirement plan (SERP) that is paid out in three- to five-year intervals.

Data shows that those three categories most closely represent an executive's consistent compensation over the long term. Salary Reports, including those provided by CEO Update's editorial team, that focus on Take-Home Pay (TK) do not properly illustrate an accurate annual compensation because those figures exclude annual retirement contributions but include one-time payouts that distort medians and averages.

ANALYSIS OF COMPARABLE ORGANIZATIONS

PAY CATEGORY	Median	25th to 75th Percentile "Middle 50"	10th to 90th Percentile "Middle 80"
BASE	\$498,979	\$425,058—\$552,993	\$404,721—\$560,386
BASE+BONUS	\$558,296	\$510,642—\$640,590	\$448,181—\$721,204
TAKE-HOME PAY	\$558,296	\$521,477—\$640,590	\$448,181—\$721,204
ANNUAL COMPENSATION	\$633,642	\$563,373—\$705,561	\$489,116—\$898,390
LAST BASE INCREASE	3.4%	0.0%—11.4%	-0.9%—19.5%
LAST BASE+BONUS INCREASE	6.4%	0.9%—9.1%	0.1%—22.4%
LAST TAKE-HOME INCREASE	7.6%	3.3%—12.2%	0.4%—39.1%
LAST ANNUAL COMP INCREASE	7.4%	1.0%—9.6%	-3.3%—22.0%

ANNUAL COMPENSATION vs. TAKE-HOME PAY

The difference between Annual Compensation and Take-Home Pay hinges on two of the five IRS-defined pay categories: Other and Deferred.

- **Take-home pay** = base+bonus+other
- **Annual Compensation** = base+bonus+deferred

Salary reported in the “Other” category is most commonly associated with vested 457(f) retirement plans, awards based on longevity of service, and severance. A less common, but still acceptable use of this category, is “current-year payments of amounts earned in a prior year.”

Salary reported in the “Deferred” category is “all current-year deferrals of compensation ... under any retirement or other deferred compensation plan, whether qualified or nonqualified. ...”

The virtue of **take-home pay** is that it reflects the **actual amount paid during the 12-month period**, based on amounts reported on the individual's annual W-2 form used to file their own personal taxes. The shortcoming, however, is that it does include **inconsistent nonqualified plan payouts**, which **can inflate take-home pay** once every three to five years during continuous employment. This volatility produces unpredictable results in medians, averages and percentiles and could easily distort the appearance of an executive's salary if taken in isolation of a single year. Moreover, take-home pay that includes severance payments is not reflective of normal executive compensation.

Annual Compensation still captures those retirement payments, which are a normal part of the executive compensation package, but instead those payments are **annualized in the year they are earned but not yet paid out**.

HOW ANNUAL COMPENSATION WORKS: EXAMPLE

Annual Compensation is best highlighted using five years of the CEO's salary at the Association of American Railroads (see table). While in Year 5, the CEO's take-home pay surged to more than \$7 million, because of a \$5 million-plus payout, every other year the pay was close to \$2 million. The average take-home pay between Year 1 and Year 5, though, is \$3 million. This is more closely reflected year to year using the Annual Compensation, where the table shows that pay during those five years ranged from \$2.3 million to \$3.2 million.

Five-year CEO pay from Association of American Railroads

	Year 5	Year 4	Year 3	Year 2	Year 1
Base	\$994,036	\$969,951	\$944,816	\$917,758	\$840,733
Bonus	\$1,001,810	\$830,769	\$1,215,760	\$891,156	\$840,733
Other	\$5,376,602	\$19,521	\$19,614	\$18,576	\$13,279
Deferred	\$1,149,445	\$986,064	\$1,098,177	\$831,631	\$622,170
Take-home pay	\$7,372,448	\$1,820,241	\$2,180,190	\$1,827,490	\$1,694,745
Annual Compensation	\$3,145,291	\$2,786,784	\$3,258,753	\$2,640,545	\$2,303,636

IDENTIFYING COMPARABLE ORGANIZATIONS

No two organizations are the same, but every organization has similar groups in which to benchmark CEO compensation. CEO Update researchers, using Association Intelligence, identify groups that closely match the target organization's profile.

The priority data point when finding comparable organizations is size of the organization—measured by annual revenue of the main organization and affiliates. That is the biggest influencer of CEO pay because it is a proxy to the complexity of the organization. To a lesser extent, organization size is also measured by staff size. Both of those data points are measured by IRS tax filings.

The next four influences vary in degree of importance but they usually follow this descending order of importance. 1. Organization type (trade association, professional society or standard-setting organization) 2. Sector represented (e.g., healthcare, energy, agriculture) 3. Main activity (i.e., advocacy, meetings, education, or a combination) 4. Metropolitan location.

A good data set includes 15 to 20 organizations that share similar attributes. If there are too few organizations from within the sector represented, the list of comparable organizations may come from other sectors to maintain focus on more important drivers of compensation. In those cases, researchers focus on sectors that have a similar member profile and compensation philosophy, such as banking and insurance or legal and real estate.

UNPACKING COMPENSATION DATA

CEO Update Analysis of Comparable Organizations on page 3 provides medians as well as two percentile ranges, one called the middle 50 and another called the middle 80. These three points can provide a broad picture of compensation practices within the dataset.

The median compensation figure is the exact point where half of all organizations pay more and half pay less. The median is not a recommendation of what the CEO's compensation should be—that will depend on the organization's compensation philosophy.

The middle 50 is the range between the 25th and 75th percentiles and represents 50% of all CEO salaries in the middle of the dataset. This is also referred to as typical-pay range, because half of all salaries fall in this range. The middle 80 provides a wider picture of CEO compensation among the data set. Those salaries beyond that range may be considered outliers.

RECRUITING MARKETPLACE (RM)

The recruiting marketplace is the talent pool associations search within to hire a CEO. That talent pool's current compensation will influence the salary necessary to replace, recruit or retain an executive.

CEO Update research shows that when an organization recruits a new CEO, the most common background of a new hire is a CEO of a similar but somewhat smaller organization. For instance, a common candidate profile for a CEO vacancy at a medical society in Chicago that focuses on meetings and credentialing is the successful CEO of a smaller, similar medical society in the same geographic region. Statistics show that a compensation increase between 10-15% is needed to lure an executive away to a similar position and an increase of 15-30% to recruit an executive into a position with significantly more responsibility.

These data points can help organizations establish a competitive compensation package by looking at what similar organizations pay as well as what smaller organizations with a comparable profile. The charts on page 8 show the pay details of comparable associations and a few smaller associations in a separate chart on the same page.

It's important to note that metropolitan region plays an important role in two ways. One is, of course, cost of living. Additionally, in competitive marketplaces like Washington, DC and Chicago, which both have a large concentration of associations, there are more opportunities for executives and that puts upward pressure on compensation.

THE LARGER DATA SET

CEO Update tracks the compensation of CEOs for all national and international associations based in the U.S. with revenue higher than \$1.7 million. The first table shows all the trade association sectors tracked and how the overall sector pay compares to others. The second table demonstrates how revenue of the associations influences CEO compensation.

CEO COMPENSATION — TRADE ASSOCIATIONS

Data from the 2020 Salary Guide

Sector	#	Median Revenue	Base	Base/Bonus	Annual Comp	25th to 75th Percentile Middle 50	Base	Base/Bonus	Annual Comp
Advertising, entertainment, media	46	\$8,937,780	\$448,235	\$533,902	\$548,382	\$370,381 — \$1,028,107	3.2%	3.4%	3.1%
Agriculture, food, natural resources	102	\$7,141,184	\$343,074	\$380,432	\$409,355	\$286,663 — \$580,298	4.2%	5.2%	5.2%
Banking, finance	67	\$7,821,249	\$500,021	\$690,438	\$727,641	\$382,646 — \$1,299,573	4.0%	3.1%	3.2%
Construction, real estate	49	\$8,310,673	\$328,631	\$347,539	\$363,139	\$247,529 — \$509,699	3.5%	4.3%	5.1%
Education, art/sciences, government	73	\$7,069,897	\$278,153	\$296,303	\$330,001	\$244,536 — \$458,606	3.1%	3.2%	3.3%
Energy, telecom, utilities	66	\$7,727,193	\$408,123	\$426,851	\$451,662	\$335,138 — \$888,048	3.2%	3.6%	3.8%
General business and support services	45	\$5,719,158	\$375,553	\$414,011	\$461,704	\$328,788 — \$599,014	3.9%	5.5%	5.6%
Health	73	\$9,379,193	\$388,000	\$461,273	\$502,731	\$316,840 — \$1,005,547	4.0%	4.1%	4.6%
Insurance, legal	26	\$12,659,128	\$444,653	\$703,546	\$754,854	\$447,785 — \$1,222,250	4.0%	4.1%	5.0%
Manufacturing, transportation, defense	147	\$6,285,626	\$320,696	\$363,024	\$384,911	\$287,313 — \$576,964	4.2%	4.0%	4.0%
Retail, sales, service	67	\$5,786,690	\$275,000	\$325,000	\$348,750	\$254,701 — \$501,144	4.1%	5.1%	3.5%

Revenue	#	Median Revenue	Base	Base/Bonus	Annual Comp	25th to 75th Percentile Middle 50	Base	Base/Bonus	Annual Comp
\$1.7 million to \$2.5 million	69	\$2,207,324	\$202,325	\$217,088	\$226,785	\$177,580 — \$306,585	4.4%	4.1%	4.7%
\$2.5 million to \$5 million	215	\$3,550,386	\$261,096	\$295,961	\$315,563	\$239,523 — \$422,416	3.4%	3.7%	3.5%
\$5 million to \$7.5 million	111	\$6,134,541	\$329,201	\$380,276	\$407,252	\$283,480 — \$586,311	4.0%	4.3%	4.8%
\$7.5 million to \$10 million	64	\$8,878,033	\$369,507	\$429,506	\$490,623	\$391,550 — \$662,467	3.8%	3.9%	4.7%
\$10 million to \$15 million	78	\$12,531,384	\$394,809	\$462,324	\$479,567	\$380,767 — \$736,259	3.6%	5.0%	4.7%
\$15 million to \$25 million	84	\$18,614,416	\$455,735	\$544,699	\$577,569	\$413,543 — \$933,054	4.2%	4.5%	4.5%
\$25 million to \$50 million	63	\$35,753,768	\$598,998	\$781,751	\$821,668	\$482,468 — \$1,488,950	4.7%	5.0%	4.5%
\$50 million plus	72	\$80,891,838	\$955,244	\$1,401,069	\$1,463,789	\$751,570 — \$2,167,565	4.2%	5.6%	5.0%
All trade associations	761	\$7,160,912	\$352,625	\$396,913	\$426,002	\$289,739 — \$659,655	3.9%	4.1%	4.2%

DATA HERE WILL DEPEND ON WHETHER TARGET ASSOCIATION IS A TRADE ASSOCIATION OR PROFESSIONAL SOCIETY

CEO PAY AT COMARABLE ASSOCIATIONS

The first chart shows the organizations used for this customized salary report. All the groups in the chart match the organization type (Trade Association). The second chart shows pay at similar organizations that are smaller and have less revenue than the target organization.

COMPARABLE ASSOCIATIONS

Anticipated 2019 compensation

Association	Staff	Revenue	Location	Sector	Primary Activity	Base	Base/Bonus	Annual Comp
Council for Continuing Plans Education	12	\$7,639,823	WDC	Healthcare	Advocacy	\$414,336	\$414,316	\$443,192
Reports Leadership Council	16	\$5,102,922	WDC	Healthcare	Advocacy	\$476,420	\$681,853	\$753,105
Sample Industry Manufacturers Association	27	\$8,294,052	WDC	Healthcare	Advocacy	\$747,468	\$747,438	\$766,734
Association for Reports and Plans	29	\$10,870,432	WDC	Healthcare	Advocacy	\$416,20	\$623,163	\$654,987
National Association for Government Reports	30	\$6,801,449	WDC	Healthcare	Advocacy	\$548,281	\$600,767	\$635,223
Business Group on Samples	37	\$9,930,685	WDC	Healthcare	Advocacy	\$398,354	\$499,427	\$584,096
AGIG: The Contracts Association	8	\$5,672,266	WDC	Healthcare	Advocacy	\$560,105	\$658,018	\$658,018
Plansumption	11	\$6,006,680	WDC	Healthcare	Advocacy	\$557,784	\$558,296	\$1,208,290
American Laboratory Home-based Reports Association	14	\$8,964,355	WDC	Healthcare	Advocacy	\$560,570	\$560,540	\$560,540
American Graphic Plans Association	21	\$6,518,601	WDC	Healthcare	Advocacy	\$538,505	\$538,575	\$558,001
Community Reports Alliance	24	\$10,824,811	WDC	Healthcare	Advocacy	\$462,152	\$951,510	\$986,162
Group Plan Manufacturers	42	\$15,887,041	WDC	Healthcare	Meetings	\$390,221	\$390,201	\$424,064
Society of Sample Americans	42	\$12,470,623	WDC	Healthcare	Meetings	\$521,888	\$521,858	\$605,861
International Association of Sample Buildings	29	\$12,318,779	WDC	Healthcare	Advocacy	\$498,909	\$498,979	\$633,642

DATA HERE WILL DEPEND ON THE TARGET ASSOCIATION'S PROFILE

SIMILAR ASSOCIATIONS BUT SMALLER

Anticipated 2019 compensation

Association	Staff	Revenue	Location	Sector	Primary Activity	Base	Base/Bonus	Annual Comp
Plan Suppliers of America	10	\$4,460,577	WDC	Healthcare	Advocacy	\$831,433	\$1,068,131	\$1,087,600
Center Association for Reports	12	\$5,638,325	WDC	Healthcare	Advocacy	\$544,427	\$653,397	\$676,277
Association for City and State Plans	16	\$5,102,922	WDC	Healthcare	Advocacy	\$412,517	\$497,742	\$555,614
Professional Plan and Sample Makers Association	15	\$4,840,055	WDC	Healthcare	Advocacy	\$464,062	\$510,480	\$543,270
National Association for Samples	11	\$3,771,267	WDC	Healthcare	Advocacy	\$341,254	\$429,301	\$486,626
American Association of Small Plans	14	\$5,057,687	WDC	Healthcare	Education	\$356,200	\$425,787	\$449,150

BACKGROUND

CEO Update is committed to data transparency. This report includes raw and calculated salary data—medians, and percentiles—from comparable organizations based on the target organization.

ANTICIPATED COMPENSATION

Tax-exempt organizations submit to the IRS an annual disclosure of the organization's finances, including executive compensation, up to 10 months and 15 days after their tax year ends. This means the most current data available about actual CEO pay is at least that old. Additionally, if an organization's fiscal year does not match the calendar year, compensation disclosed is from the last calendar year, increasing the delay of salary disclosure. For instance, a tax-exempt organization with a tax year ending March 31, 2019, has until Feb. 15, 2020, to submit that document to the IRS and the CEO's salary reported in that document is for tax year ending Dec. 31, 2018, the last full calendar year.

This delayed reporting interval led to the creation of the Anticipated Annual Compensation, the AAC. The AAC uses the last known full-year salary, applies a conservatively calculated expected increase to the three reliable compensation categories based on trends of more than 2,500 organizations with a weighted emphasis toward organizations within the same sector (e.g., health care, energy, education). Researchers provide ACC up to the latest full calendar year, currently 2019.

TERMS

Base: Compensation that is not affected by performance metrics

Bonus: Incentive/bonus compensation paid, not potential

Other: In most cases, 457(f) plan payouts but also, less commonly, severance and bonuses that were deferred for longer than a certain period

Deferred: Amount organization contributes toward qualified (e.g. 403(b) and 401(k)) and nonqualified retirement plans (supplemental executive retirement plans (SERP) like 457(b) and 457(f) plans).

Nontax: Non-taxable benefits

Annual Compensation: An accurate representation of a CEO's annual salary, a combination of base, bonus and the organization's contributions toward retirement plans (deferred).

Take-home pay: This is the figure often reported on CEO Update's Salary Reports, but it is not a good data point to benchmark compensation. It is the combination of base, bonus and other and represents the actual amount of taxable income, reported on the employee's W2. While a true representation of an executive's annual salary in that given year, it can be distorted by one-time SERP payouts paid-out mid employment.

Sources: CEO Update, Association Intel, IRS disclosures (IRS Form 990, IRS Master Business File), and lobbying disclosures (LD-2). The IRS requires detailed salary disclosures from tax-exempt organizations of officers, directors and key staff if compensation is more than \$150,000. Data selected is the latest available about comparable organizations as of February 2020.