2025
NFP U.S. Executive Compensation and Benefits
Trend Report

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Letter from Tony

Dear Valued Partners,

As president of NFP's Executive Benefits, I'm happy to share our 2025 U.S. Executive Compensation and Benefits Trend Report.

This past year was marked by a pivotal moment, as we became NFP, an Aon company. Together, we stand as one of the largest providers of executive benefits services in the U.S. — supporting over 320,000 executives, managing $32 billion in cash value and partnering with 44% of the Fortune 100.* That scale gives us unique insight into the strategies organizations are using to retain leadership talent in an increasingly uncertain economic environment.

NFP conducted a nationwide survey, the results of which are cited throughout this report, and nearly every respondent expressed concern about the economy. For one of the first times in recent memory, there's no clear sense of direction — whether we're heading into recession, recovery or something in between. This backdrop of economic uncertainty is pushing companies to rebalance their approach towards executive compensation. Although retention remains a top priority, financial discipline has regained equal footing in overall strategy. The post-pandemic generosity that once defined these packages is giving way to a more measured, sustainable model.

We're also witnessing significant demographic shifts. As baby boomers exit the workforce, gaps in executive pipelines are emerging — particularly in industries like construction. Many key employees are delaying retirement, yet few have the support or education needed to prepare effectively. This disconnect creates a challenge but also an opportunity for organizations that want to strengthen engagement, deepen loyalty and stand out in the talent market with improved executive retirement planning.

This report outlines how many organizations are adapting. Whether through enhanced use of nonqualified deferred compensation plans (NQDCPs), targeted employee benefits communication or better access to financial education, the path forward is clear: balance, personalization and clarity are the cornerstones of success.

We appreciate your continued trust in NFP and look forward to helping you design executive benefit packages that serve your leadership and strengthen your business.

Best regards,

Tony Greene
President, Executive Benefits
NFP, an Aon company

*Client data as of 12/31/2024.

Executive Compensation: Adapting in Uncertain Times

This year's landscape reflects a clear shift: organizations are no longer relying on salary increases or blanket perks to attract and retain leaders. Instead, they're re-evaluating their executive benefits package through the lens of financial prudence, flexibility and long-term value.

Economic Headwinds Are Driving Strategic Discipline

Uncertainty isn't just a theme — it's a reality. Business leaders are navigating a volatile environment where the economy could tip in any direction. Rather than overcorrecting, many are holding compensation steady while turning to executive benefits as a more stable lever.

This shift is bringing a new level of discipline to plan design. Organizations are reassessing the return on their benefits spend and focusing on offerings that deliver measurable, long-term impact. It's no longer about doing more — it's about doing what matters most.

97%
Are at least **somewhat concerned** about the state of the economy.

93%
Don't know what to expect (i.e., a strong downturn or growth).

52% ▲
Say economic uncertainty will lead them to **keep employee compensation the same**.

71%
Say executive benefits are important, but **they must watch the bottom line** as well.

1 in 5
Say **concerns about economic uncertainty** will lead them to alter the amount or kind of executive benefits they offer.

Note on Arrow Indicators:
▲ Gray up arrows indicate a significant increase compared to 2024.
▼ Gray down arrows indicate a significant decrease compared to 2024.
These arrows appear next to statistics throughout the report to show year-over-year trends.

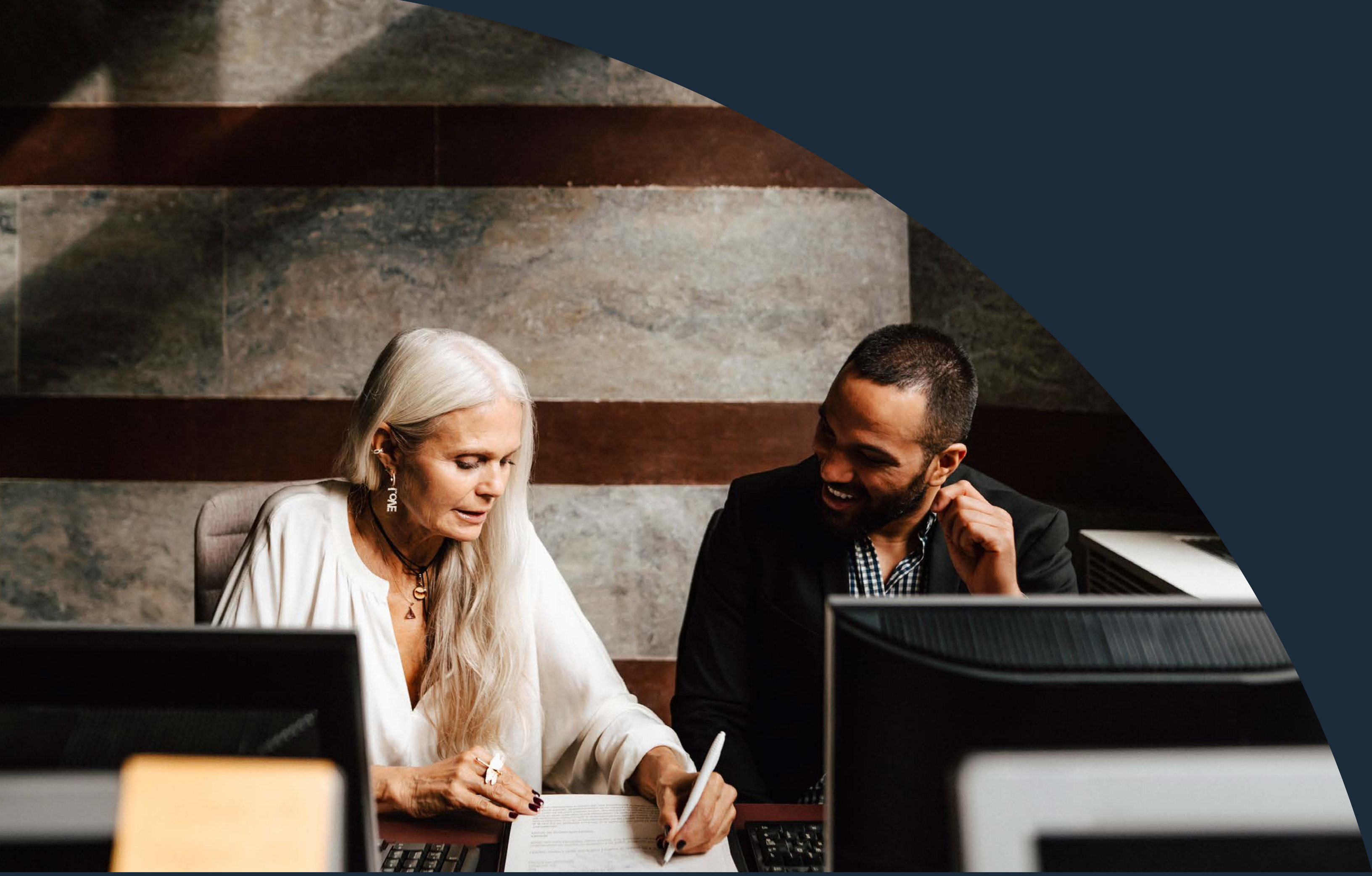
The Executive Talent Gap Is Growing

As the boomer generation retires from executive roles, organizations are feeling the effects. Talent shortages are emerging – especially in sectors like construction – and the next generation of leadership isn't always ready to step in. Talent and succession planning has become both a talent and business continuity issue.

85%
Cannot afford to lose top talent.

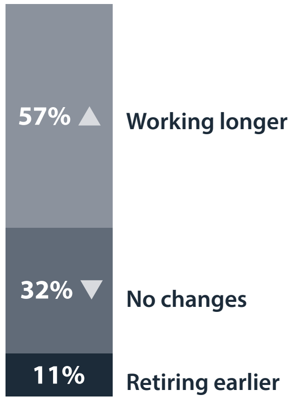
The Solution: Executive Benefits

Organizations with comprehensive executive benefits report success in:

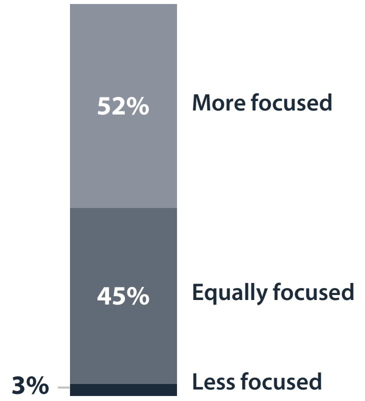


At the same time, many key employees are staying in the workforce longer. But extended tenure doesn’t always mean better retirement preparation. In fact, we’re seeing a persistent gap between their interest in retirement and the support they receive in planning for it. This disconnect presents a clear opportunity for improvement in executive retirement plan design.

Executive Retirement Behaviors



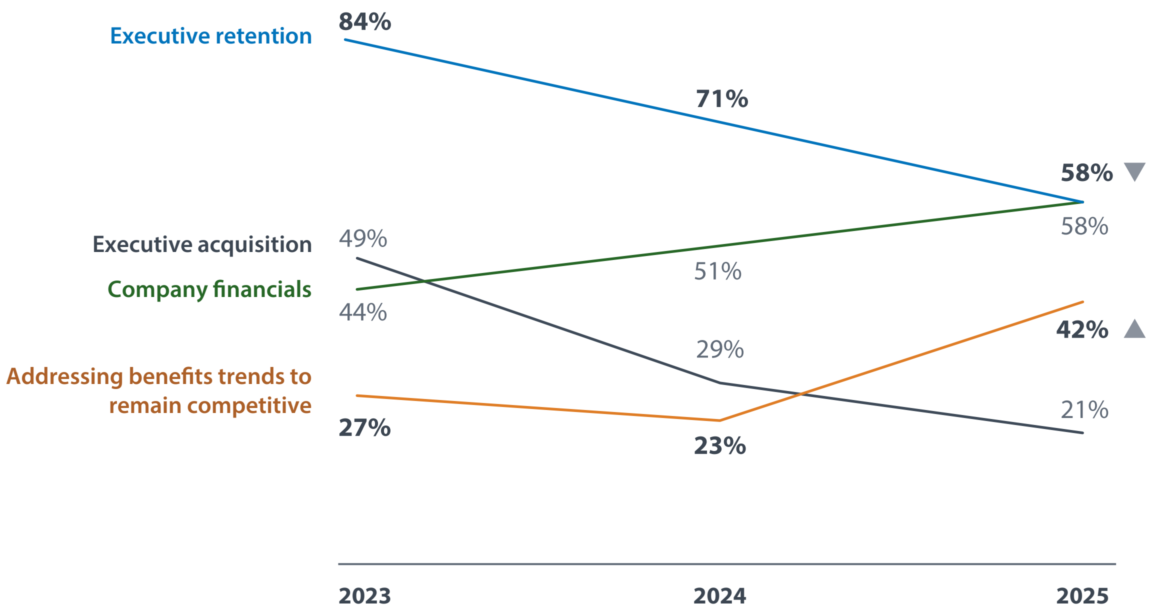
Focus on Retirement Preparedness



Benefits Strategy Is Swinging Back to Balance

Following a period of post-pandemic generosity, benefit leaders are reining things in. The pendulum is swinging away from one-size-fits-all enhancements toward customized solutions that balance employee needs with business health.

Factors Anticipated to Most Impact Executive Benefits Decisions



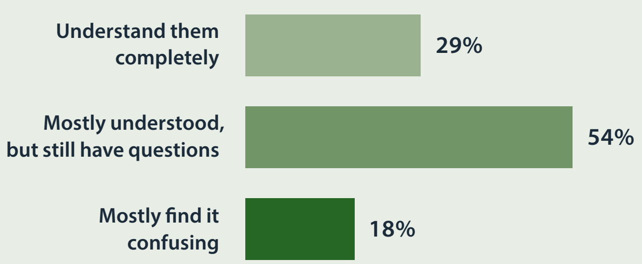
This recalibration doesn't signal retreat — it signals maturity. Organizations are aligning executive benefit strategies with today's realities: **tighter budgets, growing demand and the need to retain top talent without overextending financial resources.**

Understanding Is the Missing Link

Our research shows a direct connection between how well key employees understand their benefits and how engaged they are. Yet comprehension remains low. While most of them say they "mostly understand" their plans, fewer than one in three report full understanding.

Fewer than 1 in 3 report full understanding of their benefits.

Benefits Comprehension

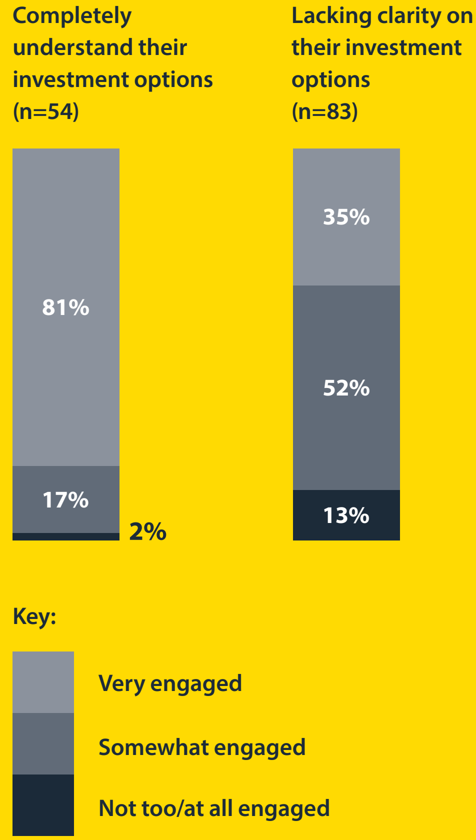


Resources Used by Employers

Industry peers/competitors	59%
Insurance consultant/broker	53%
Individual research	40%
Industry surveys	37%
Industry publications	35%
Financial professionals (e.g., CPAs)	32%
Industry trade organizations	29%

The Understanding Gap

Employees who completely understand their investment options are significantly more engaged than those lacking clarity.*



75%

Met with an employer-sponsored financial advisor (group or 1:1) in past six months.

Note: Engagement and employer perception data from the 2025 NFP U.S. Retirement and Financial Wellness Survey Retirement Trends Survey among employees earning $150,000+ annually.

*Among those contributing to 1+ retirement investment vehicles.

This lack of understanding undermines the value of the benefits themselves.

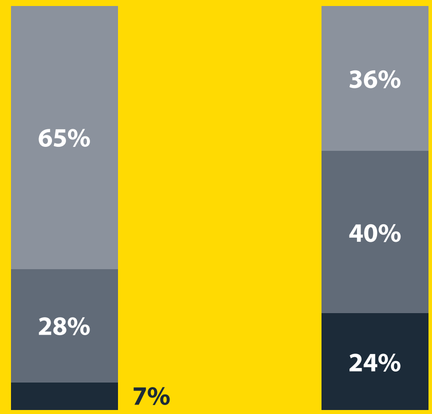
The good news? It's fixable. Providing access to financial professionals, clearer employee benefits education and plan-specific benefits communication can dramatically improve the confidence and loyalty of top talent.

The Commitment Gap

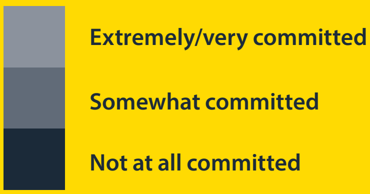
Employees who understand their benefits are 2.3x more likely to be extremely committed to their employer (65% vs 36%).*

Completely understand their investment options (n=54)

Lacking clarity on their investment options (n=87)



Key:



*Among those contributing to 1+ retirement investment vehicles.

Want deeper insight into executive retirement planning in a time of economic uncertainty?

Be on the lookout for the **2025 NFP U.S. Retirement and Financial Wellness Report.** This data-rich, forward-looking financial wellbeing report will shed light on evolving compensation strategies, the impact of baby boomers retiring and the critical role of retirement planning in today's workforce. As organizations rethink their benefits packages and prioritize talent and succession planning, this companion resource will offer actionable guidance on aligning your retirement plan with your broader compensation strategy.

NQDCPs:

Strategic, Flexible and Growing in Value

In this environment of economic uncertainty, NQDCPs are proving indispensable. These plans offer a rare combination: cost-effective design for employers and tax-advantaged flexibility for key employees.

Anticipated Participation in Nonqualified Deferred Compensation Plans

(Over the Next 12-18 Months)

17%

Say **inflation** will increase participation.

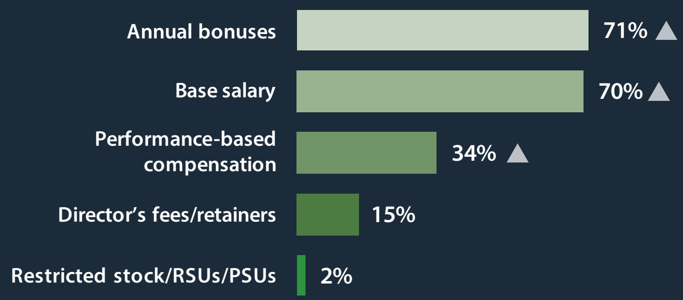
19%

Say **future tax rates** will increase participation.

83%

Allow participants to defer compensation.

Types of Deferrable Compensation



87%

Believe participants are satisfied with the impact of deferred compensation plans on their retirement preparedness.

Forward-looking companies are using NQDCPs not only to attract and retain talent but to also support broader financial planning goals. With inflation and future tax rates being uncertain, many key employees are increasing their participation in these plans. It's a move that benefits both sides — especially when supported by strong employee benefits communication and access to financial education.

More Than Retention:

The Strategic Role of NQDCPs

While retention remains the top reason to offer NQDCPs, that's only part of the story.

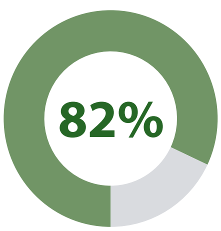
Today's organizations are leveraging these plans to:

- Stay competitive with peer companies.
- Support long-term executive retirement planning.
- Help top talent take greater control of their financial future.

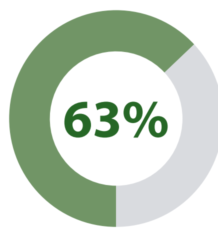
Top Reasons for Offering NQDCPs

When designed well and communicated clearly, NQDCPs become more than just a benefit — they become a core element of the employer-employee value exchange.

NQDCP and BOLI/COLI Impact on Plan Success



Say **NQDCPs** have a **high/ moderate impact** on plan success.[1]



Say **bank-owned life insurance (BOLI) and corporate-owned life insurance (COLI) plans** have a high/ moderate impact on plan success.[2]

Other Benefits Offered	Percent Offered	High/Moderate Impact on Plan Success
Performance-based incentive (short or long-term)	**64%**	**91%**
Employment/severance agreements	38%	69%
Signing bonus	**37% ▲**	**72%**
Fringe benefits (e.g., first class air travel, legal planning services)	31%	69%
Supplemental executive life insurance	28%	75%
Stock/equity	**27% ▲**	**88%**
Supplemental executive disability coverage	26%	45%
Split dollar life insurance	24%	69%
Financial planning/wealth management	18%	55%
Long-term care or hybrid life with long-term care	10%	54%
Supplemental executive medical insurance	9% ▼	65%
Loans to buy/pay stock, a home, loans other debt, etc.	8%	40%
College tuition for children	2%	**

[1] Those offering an NQDCP.
[2] Those offering a BOLI/COLI plan.

Seizing the Opportunity:
A Best-in-Class Approach

To thrive in 2025 and beyond, organizations must evolve their executive benefits strategies in three key ways:

1. Tailor Plans to the Priorities of Key Employees

Key employees are not a monolith — and their benefit needs shouldn't be treated as such. From industry to tenure to personal financial goals, there's no substitute for customization.

What to do: Survey key employee preferences regularly and align offerings with both business realities and individual priorities. Strategic customization strengthens both engagement and retention.

2. Maximize the Value of NQDCPs

In a flat compensation environment, deferred compensation plans can do more heavy lifting. NQDCPs help key employees grow wealth without increasing short-term salary costs.

What to do: Highlight the long-term value of these plans – especially the tax advantages – and make participation easier through clear communication and onboarding tools.

3. Close the Comprehension Gap

Benefits only deliver value if key employees understand them. When they are equipped to make informed decisions, engagement and satisfaction rise.

What to do: Offer access to financial professionals, provide plan walkthroughs and simplify complex language. Education is one of the easiest ways to enhance the perceived value of your offering.

1 in 5

21%

Plan to increase NQDCP education in the next 12-18 months.

18%

Offer financial planning/wealth management services to executives.

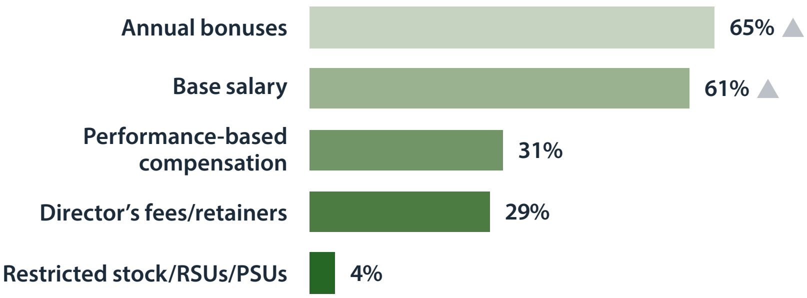
22%

Offer financial advisory services to participants after they receive payment from a nonqualified deferred compensation plan.

Spotlight:
Financial Services Sector

Nowhere are these trends more visible than in financial services. As a sector where executive compensation is closely scrutinized and top talent is constantly in demand, these organizations are leading the way.

Key Employees Are Deferring



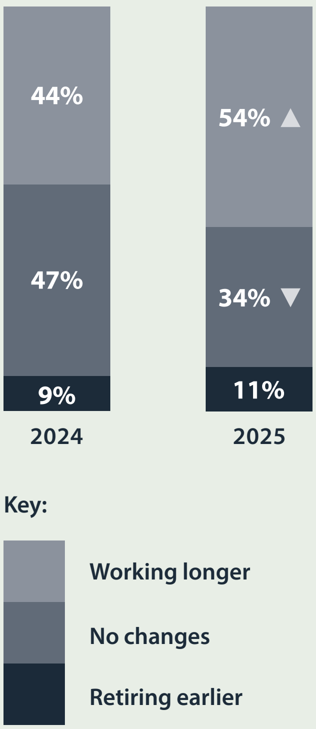
77%
Allow compensation deferral (up from 65% in 2024).

68%
Cite tax planning as a key benefit of participation.

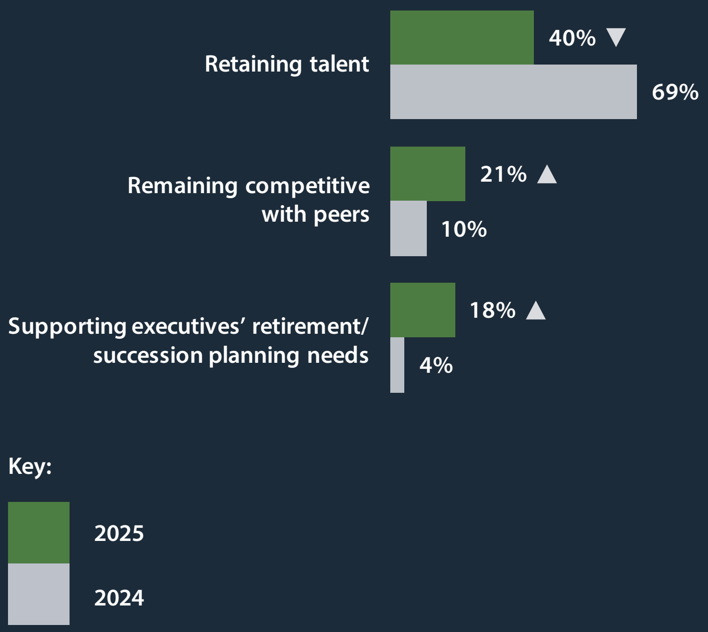
90%
Say NQDCPs improve retirement preparedness.

In line with national trends, 54% of key employees in financial services are delaying retirement – up from 44% in 2024 – as retention pressure intensifies across the sector.

Retirement Behaviors



Strongest Drivers of Executive Compensation and Benefits Strategy



With economic concerns top of mind, financial services firms are leaning toward flexibility, financial planning and personalization to stay ahead in the talent market.

Partner with the Leaders in Executive Benefits

As part of Aon, NFP brings unmatched capabilities to the executive benefits space:

- Serving 320,000+ key employees and top talent.*
- Managing $32 billion in cash value.*
- Supporting 44% of the Fortune 100.*
- Providing full-service consulting, design, implementation and administration.

Let's work together to build executive benefit strategies that drive performance, deepen loyalty and deliver measurable value.

> Contact NFP's Executive Benefits team today to transform your executive benefits strategy into a powerful retention tool at **executivebenefits@nfp.com.**

*NFP and Aon client data as of 12/31/2024.

About the Data

This report draws on data from NFP's 2025 Executive Compensation and Benefits Survey, which included 260 executive benefits decision-makers across various industries and organizational levels.

Position Held

The survey respondents held a variety of executive-level positions. As leaders within their organizations, they are involved in making decisions about executive compensation packages.

CHROs	22%
CEOs	18%
CFOs	16%
COOs	4%
Other executive positions	40%

Industries Represented

Survey respondents encompassed various sectors, with the majority representing the financial services industry.

Financial services	56%
Professional services	8%
Nonprofit	8%
Manufacturing	5%
Retail and wholesale trade	3%
Healthcare	3%
Other industries	17%

Tenure in Current Role

The respondents' tenure varied in their current roles, representing a range of experience levels within their organizations.

Less than one year	5%
1-4 years	31%
5-14 years	42%
15+ years	22%

Level of Decision-Making Authority

Respondents differed in their level of involvement in executive compensation decisions, highlighting the collaborative nature of these choices.

Shared decision-making responsibility	56%
Influencers in the process	29%
Primary decision-makers	15%

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Our global capabilities, specialized expertise and customized solutions span property and casualty insurance, benefits, wealth management and retirement plan advisory. Together, we put people first, prioritize partnerships and continuously advance a culture we're proud of.

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