

# EXECUTIVE COMPENSATION POLICY

## PURPOSE AND SCOPE

Below is our established criteria and processes that guide how the United Way of Anchorage President and Chief Executive Officer (CEO) compensation arrangement is determined and adjusted. They operate to meet the following goals:

- Maintaining a competitive, desirable workplace.
- Encouraging and rewarding mission-directed, outstanding performance.
- Combining base salary and employment contract terms.

## POLICY

Our Board of Director's Executive Committee may serve as or may appoint a committee of our board members to establish or review our President and CEO compensation arrangement and employment contract terms. **The Executive Committee may decide to form this committee at regular intervals or as set forth in our President and CEO's employment contract terms.** Members of the committee must have no real or perceived personal interest in the compensation arrangement.

### Competitive, desirable workplace

To set the compensation arrangement and remain competitive in the market, the committee is guided by the following principles:

#### Attract and retain highly qualified people

The President and CEO's compensation arrangement is an important component of our board's responsibility to attract and retain highly qualified individuals for the position.

#### Demonstrate desirability of vetted appointments

The goal for recruitment and retention of President and CEO is to show the marketplace this position is desirable and competitive, requiring a track record of proven leadership.

#### Promote our President and CEO as a destination position

The hiring of our President and CEO should be a long-term, "best in class" destination position—rather than a "training ground" with frequent turnover.

### **Mission-directed, outstanding performance**

In addition to our President and CEO's annual base salary, their compensation arrangement may also include to:

#### **Offer performance bonuses**

They must be based on defined goals and not exceed 10% of the annual base salary.

#### **Provide retention bonuses**

They must not exceed 10% of the annual base salary.

#### **Enroll in a "top hat" deferred compensation plan**

The committee discusses the specifics of this plan with our President and CEO.

#### **Consider other benefits**

The committee may deem other executive benefits reasonable and appropriate.

### **Base salary and employment contract terms**

To establish the compensation arrangement, the committee reviews and considers base salary along with employment contract terms at comparable organizations in Anchorage, Alaska and nationwide. These reviews include and are not limited to:

- Salary surveys conducted by:
  - The Foraker Group
  - United Way Worldwide
- Advice from consultants to help determine, as the IRS defines it: The value that would ordinarily be paid for like services by like enterprises under like circumstances.

**The committee determines what is reasonable in light of United Way of Anchorage's assets, budget and purpose as well as those of comparable organizations.** In general, our target is to be at approximately the 75% range in salary range comparisons.

The committee also determines what is equitable in light of the compensation scale within United Way of Anchorage. As general guidance, our President and CEO's salary should not exceed five times the rate of our lowest salaried employee. Furthermore, an increase in their salary any given year should not appreciably exceed increases that are made for our other employees.

The committee makes a documented recommendation to the Executive Committee, which reviews and votes on the recommendation. The Executive Committee then makes a recommendation for board review and approval.