

HCM Study

Swiss SFO Compensation Survey 2024

in association with **SFA**

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KEY FINDINGS

28

surveyed
SFOs

71

surveyed
C-level functions

1.7

CHF bn
average wealth

Background C-level functions



45%

in the age of
40-49 years



80% with master's
degree or higher

Compensation level at median, TCHF

CEO

Base salary



Total compensation



Selected C-level functions



Compensation design

Bonus

50%

discretionary
plans



Long-term incentives (LTI)

28%

C-level functions
eligible for LTI



Introductory note

Attracting and retaining top talents, aligning the interests of stakeholders and executives, and fostering a pay-for-performance environment are crucial aspects in today's corporate world. Compensation schemes play a significant role in addressing these objectives, particularly within Single Family Offices (SFOs), which are entrusted with managing and governing the wealth of single families. However, the distinct lack of regulatory oversight and public disclosure, that characterizes these entities, calls for a deep understanding of their compensation practices. Exploring pay in this industry is even more compelling given that many of the recruited SFO professionals join from financial services, investment banking, law and consultancy firms which usually hold well-established compensation practices.

This study, the first of its kind in Switzerland, draws upon HCM International's deep understanding of compensation and incentive schemes alongside the Swiss Single Family Office Association (SFOA), which encompasses over 40+ SFO members, to address the demand for enhanced transparency. This report aims to provide insights into incentive schemes for C-levels at Swiss SFOs, with a focus on the design of short-term and long-term incentive plans, level of compensation, and performance measures applied. Moreover, it examines the impact of factors like the size of a SFO, the executives' demographic, educational, professional background and overall experience level on compensation, among other key considerations.

We are grateful to the many participants who took the time to complete this survey. Without your effort and willingness to share your input it would not be possible to present these valuable and relevant insights. Moving forward, we are jointly committed to continue enhancing transparency in SFO compensation practices, to build a common understanding which hopefully will lead to a benchmarking for C-level overall compensation.



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Key Findings



Swiss Single Family Offices offer their C-level functions a wide pay range in terms of base salary and total compensation.

The CEO's pay range (10th/90th percentile) for base salary is 304/690 TCHF and 290/1'060 TCHF for total compensation. In contrast, dependent on the C-level function, e.g. the CIO function with 212/1'440 TCHF for total compensation, the range is even wider.



No evidence of a strong relationship has been found between compensation levels and various factors such as SFO's size, executive's age or education.

Out of diverse predictors analyzed, the individual's SFO working experience, total wealth, and team size show the highest impact on pay level, whereas total wealth has a lower significance compared to professional's SFO working experience.



One third of SFO CEOs are also family members and tend to receive a higher compensation.

At median, the CEOs which are also family members receive a 15%-20% higher base salary and 55%-65% higher total compensation as compared to non-family member CEOs.



Half of the bonus schemes include discretionary decisions with no direct performance link, whereas the majority of STI and LTI plans stipulate no cap on effective payout.

Considering also bonus plans with performance-pay link, discretion is applied to final payout in 81% of cases. There exists a pre-defined cap on STI (LTI) in 19% (25%) of cases. For 2023, the effective STI amounted to 36% of base salary at median for all C-level functions.



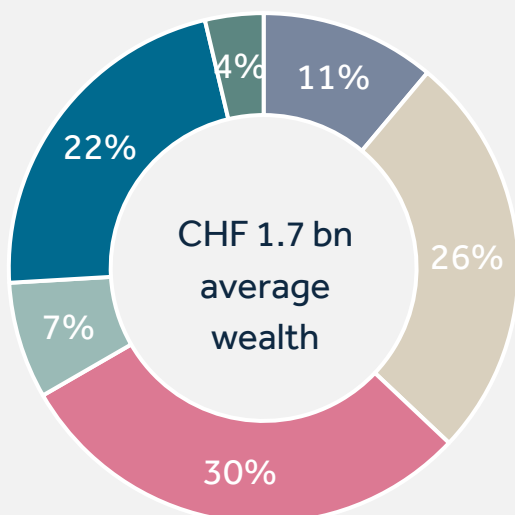
Less than one third of SFO executives are eligible for long-term incentive (LTI) plans, whereas the eligibility portion varies significantly among different C-level functions.

Mainly CFOs (45%), CIOs (37%), and CEOs (29%) are eligible for LTI schemes, which are typically settled in instruments like carried interest (in combination with cash) with a vesting period of 5 years.

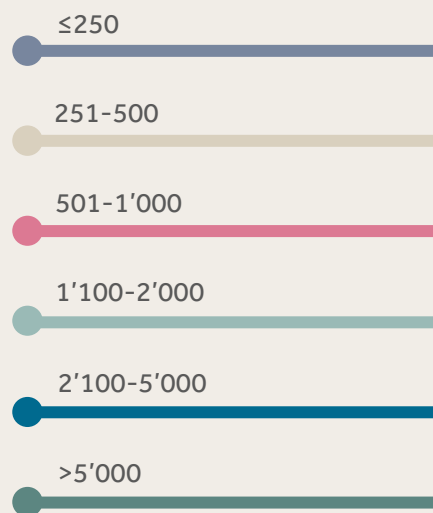
Note on participants – SFOs

This report covers compensation and background data for 71 C-level functions at 28 Swiss SFOs. It also identifies total wealth, team size and number of locations in Switzerland and abroad.

Total wealth

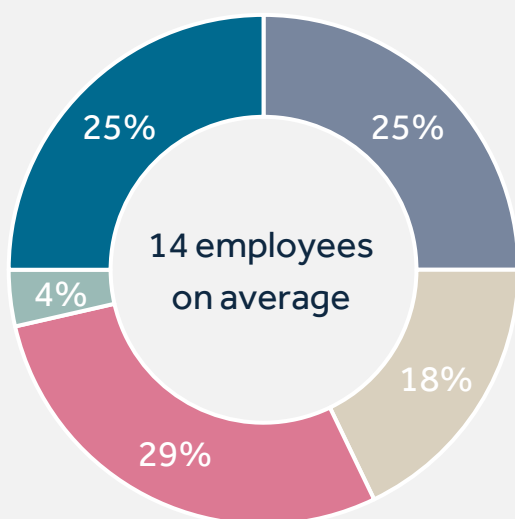


CHF m

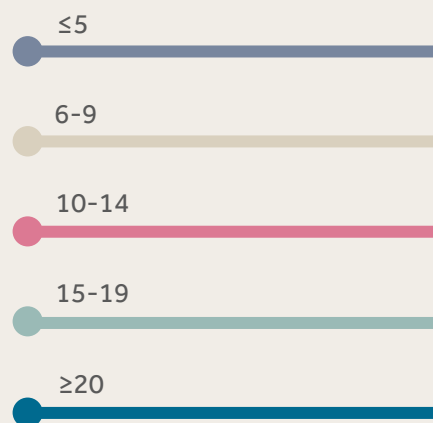


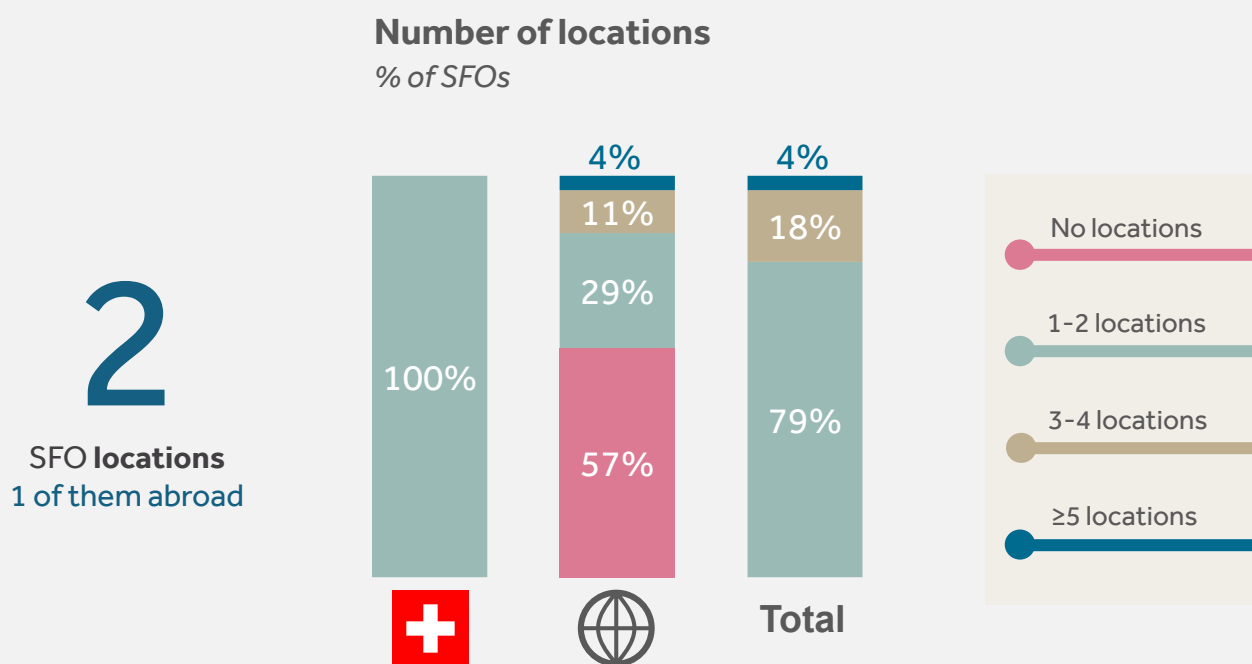
About 30% of participating SFOs manage between MCHF 501 and 1'000 of total wealth, followed by the next big category of 26% managing between MCHF 251 and 500. Overall, the average managed wealth reaches CHF 1.7 billion. We have also observed a variety in size of the surveyed SFOs in terms of number of employees, which only moderately correlates with the managed wealth. Nearly 29% of the SFOs have between 10 and 14 employees, whereas a quarter have 20 or more. The average team size is 14.

Team size



Number of employees

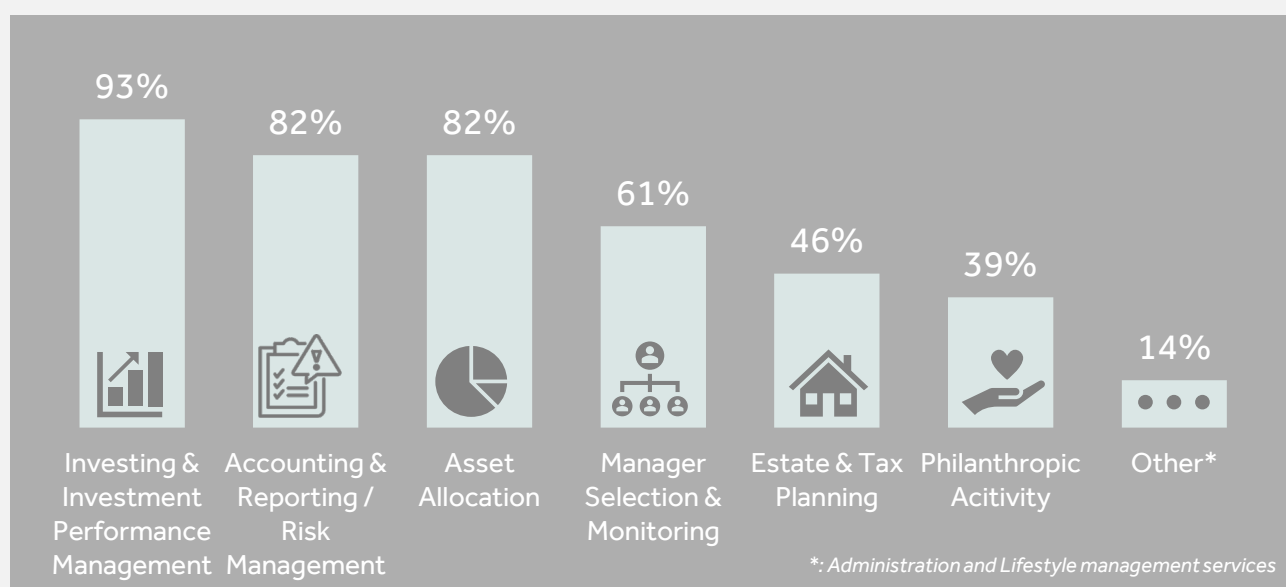




The surveyed SFOs operate in a total of 1 or 2 locations (79%), with more than half (57%) having no offices abroad. The participating SFOs mostly provide such services as Asset Allocation, Investing & Investment Performance Management and/or Accounting & Reporting / Risk Management. Moreover, they are involved in Manager Selection & Monitoring, Estate & Tax Planning, as well as Philanthropic activities. Rarely, such services include Administration or Lifestyle management services.

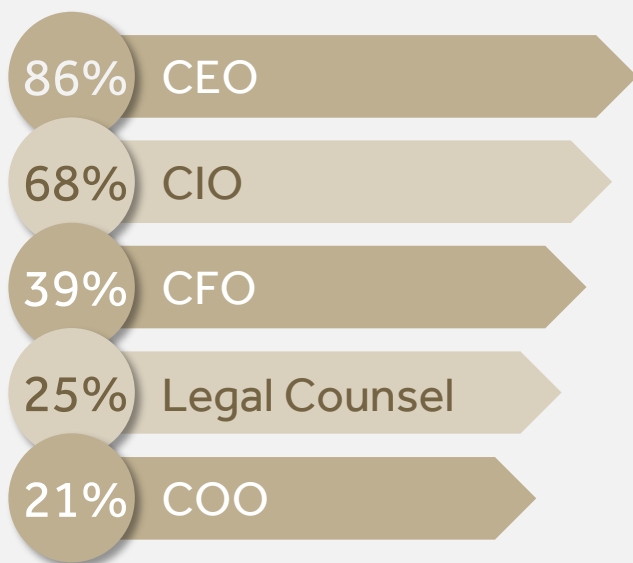
Primary services provided by SFOs

% of SFOs



Note on participants – C-level functions

Represented C-level functions

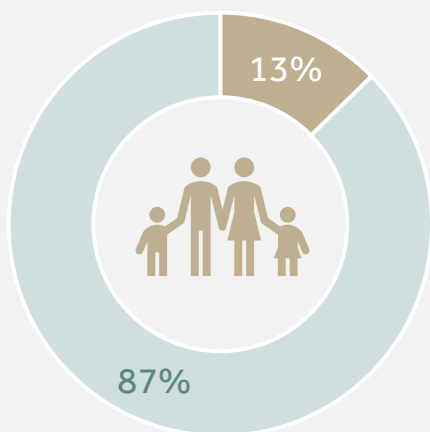


86%

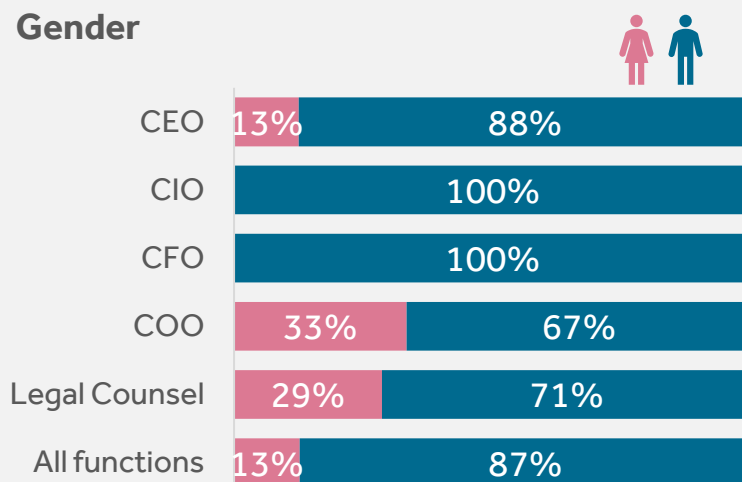
of SFOs have a **CEO function**
1/3 of CEOs are family members

On average, there are 3 C-level functions in a SFO. The most common position within the SFOs after CEO is CIO (68% of participating SFOs), followed by CFO (39%), Legal Counsel (25%), and COO (21%). Other declared functions include Chief Risk Officer, Head of Philanthropy and Head of Private Equity.

Family members

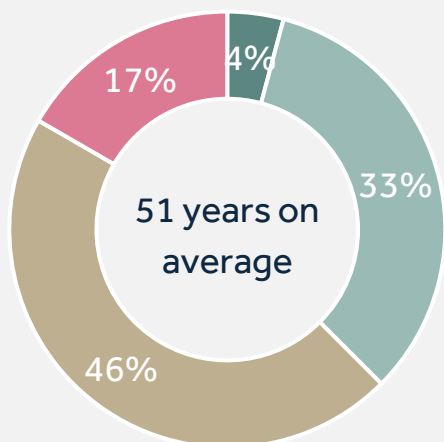


Gender



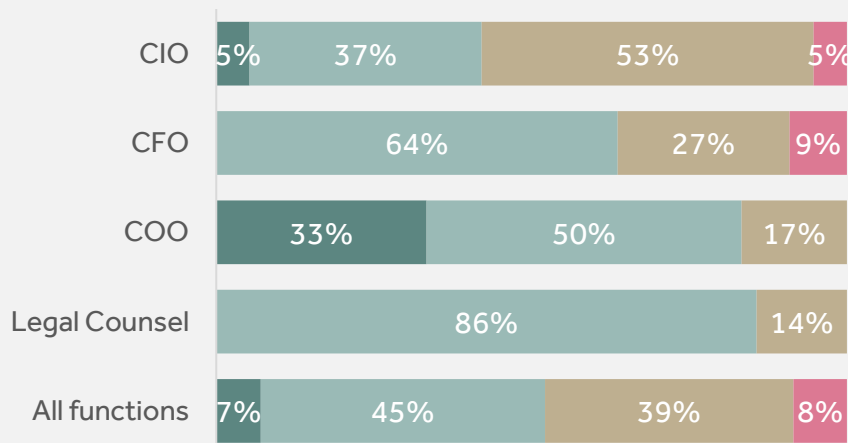
Across all C-level functions, almost 13% of the executive roles (specifically CEO and CIO positions) are occupied by Family members. In fact, one third of the participating SFOs have a Family member as CEO in place. As a coincidence, also 13% of SFOs have a female CEO and an overall 13% of female across all C-level functions. Around one third of COO positions are occupied by female executives, followed by the function of Legal Counsel (29%).

Age: CEO

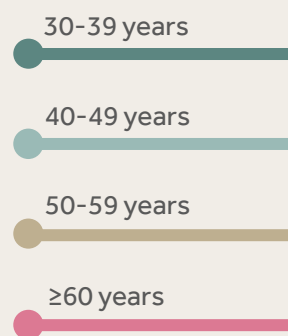


About 46% of CEOs leading the Swiss SFOs are between 50 and 59 years old with 17% being older than 60 years. On average, the CEOs are 51 years old. Focusing on the remaining functions, the “youngest” C-level position is COO with an average age of 42 years and a third is between 30 and 39 years old. With regards to educational level, about 80% of C-suits have a master’s degree or higher, while 8% of those having a doctorate degree. In comparison, the other 20% of C-suits hold a bachelor’s degree or lower, with 3% having a high school diploma.

Age: other functions



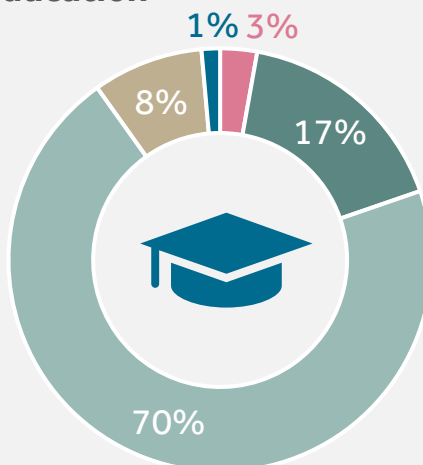
Age groups



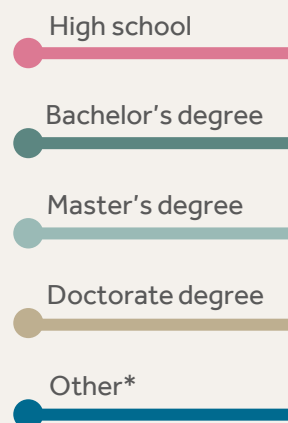
Education

80%

of SFO executives have a **master’s degree** or higher



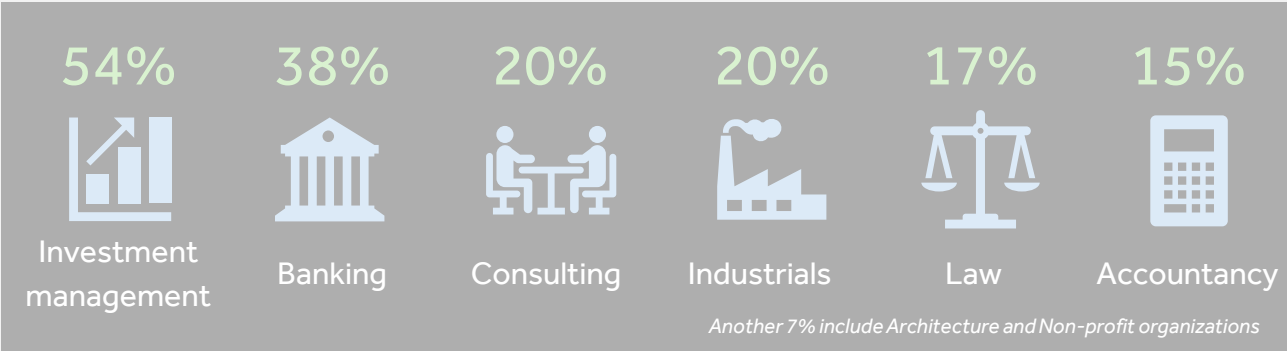
Highest degree



*: CFA charterholder

Professional background

% of all functions



Mostly, C-level functions have a background in investment management (54%). In fact, this figure is even higher for the CEOs (63%). The banking industry is the second most common professional background field for SFO executives (38% for all functions and 46% for the CEOs). Nearly 20% of SFO C-suites (33% of the CEOs) have an industrial background, which is ahead of other fields such as law (17%) and accountancy (15%).

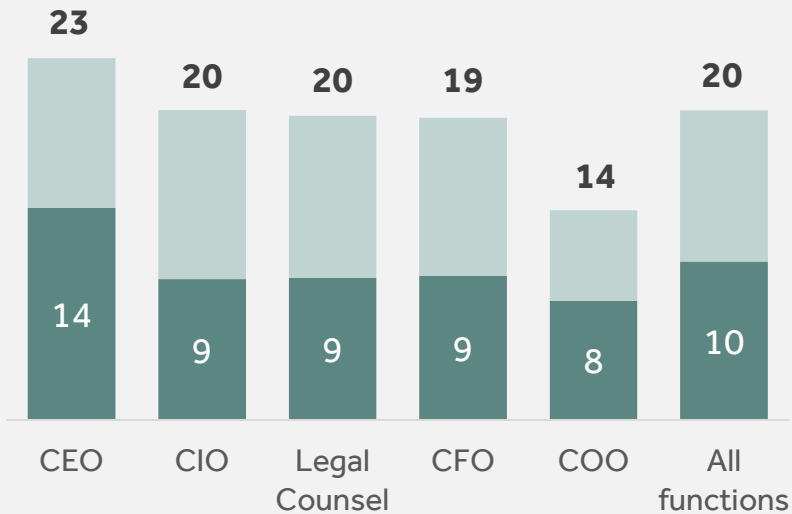
23 years

on average of experience in
a specialized field for the **CEO**
including 14 years SFO experience

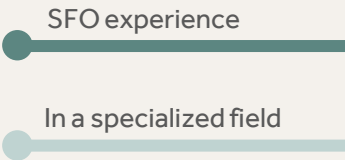
On average, the CEOs in a SFO have 23 years of experience in their specialized field (related to the industry) and specifically 14 years of Single Family Office experience (both inside and outside their current SFO). Across all C-level functions the common experience expands to 15-24 years and 6-14 years, respectively, with an average of 20 years overall experience including 10 years of experience in a SFO.

Experience

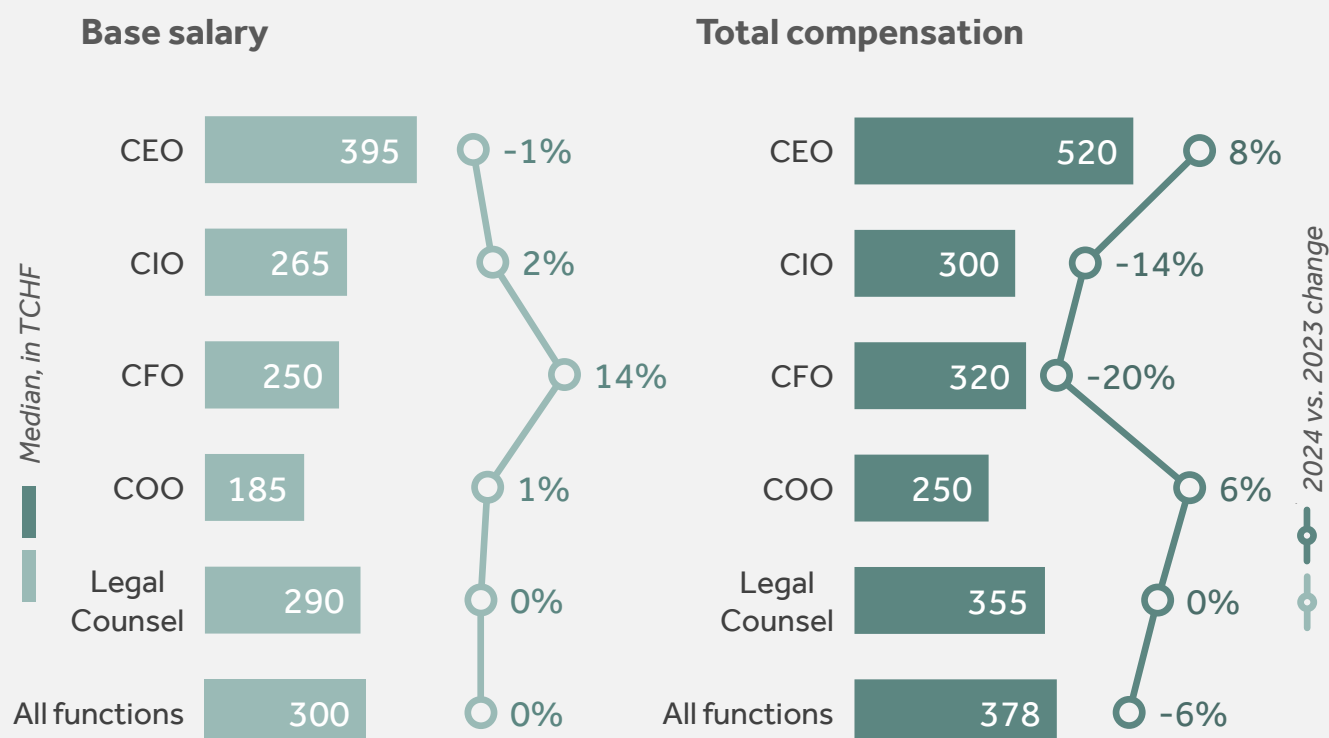
Average years



Number of years



Compensation level



520_{TCHF}

total median compensation
for a **CEO**

395 TCHF paid in base salary

The 2024 compensation levels for SFO executives other than CEO range from 168 TCHF at 10th percentile to 550 TCHF at 90th percentile for base salary and from 200 TCHF to 1'100 TCHF for total compensation, respectively. Among these, the highest paid C-level function is Legal Counsel with 290 TCHF of base salary and 355 TCHF of total compensation at median.

The median base salary levels appear to have moderately increased since 2023 for all functions except the CEO and Legal Counsel, with the highest increase for the CFO (+14%). In contrast, the total compensation change at median across different functions ranges from -20% for the CFO to +8% for the CEO.

in TCHF	Base salary							Total compensation						
	CEO	CIO	CFO	COO	Legal Counsel	All excl. CEO	All functions	CEO	CIO	CFO	COO	Legal Counsel	All excl. CEO	All functions
10th percentile	304	165	200			168	182	290	212	246			200	220
25th percentile	350	205	200			200	220	413	261	260			258	278
Median	395	265	250	185	290	225	300	520	300	320	250	355	300	378
Average	443	333	285	184	420	300	350	629	646	454	228	511	487	535
75th percentile	487	440	290			300	429	875	1'050	550			550	657
90th percentile	690	585	500			550	590	1'060	1'440	740			1'100	1'100

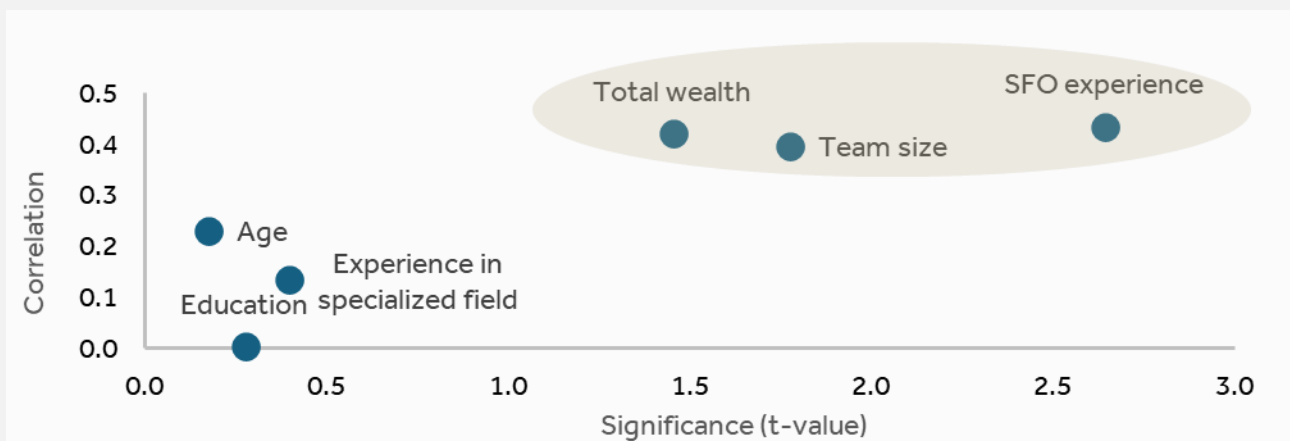
Impact of various factors on compensation

≈ 60%

higher total compensation for
family member - CEOs
compared to non-family
member CEOs

After analyzing different factors, no evidence of a strong impact on either base salary or total compensation has been observed. Nevertheless, some patterns in setting compensation levels could be seen. For example, SFO CEOs, which are also family members, tend to receive higher compensation. At median, such CEOs receive a 15%-20% higher base salary and 55%-65% higher total compensation when compared to non-family member CEOs. Also, cases were observed where no compensation was paid to family members acting as executives at a SFO.

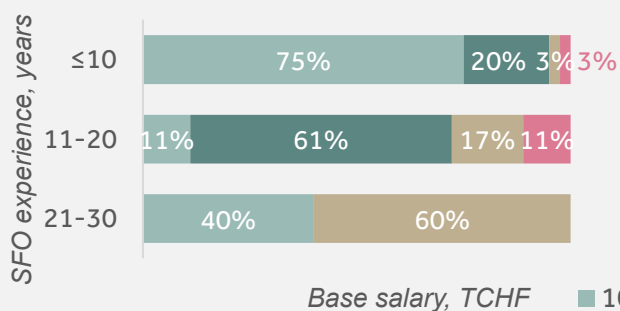
Impact of different predictors on base salary



The assessment of various predictors for base salary and total compensation led to the identification of three factors that most influence compensation levels. These are the SFOs total wealth, team size, and the individual's working experience at a SFO, with base salary being primarily influenced, as total compensation tends to reflect performance outcomes. The executive's individual SFO experience for base salary levels is almost double as significant as the total wealth of a SFO. The distribution of base salary depending on SFO experience shows that e.g. 60% of C-suits that have been working at a SFO between 21 and 30 years are compensated with a salary ranging from TCHF 501 to TCHF 700.

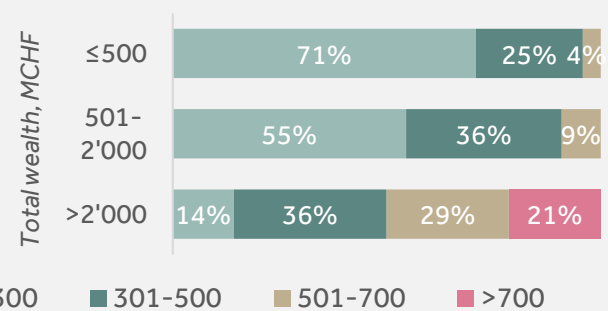
Base salary vs. SFO experience

% of all functions

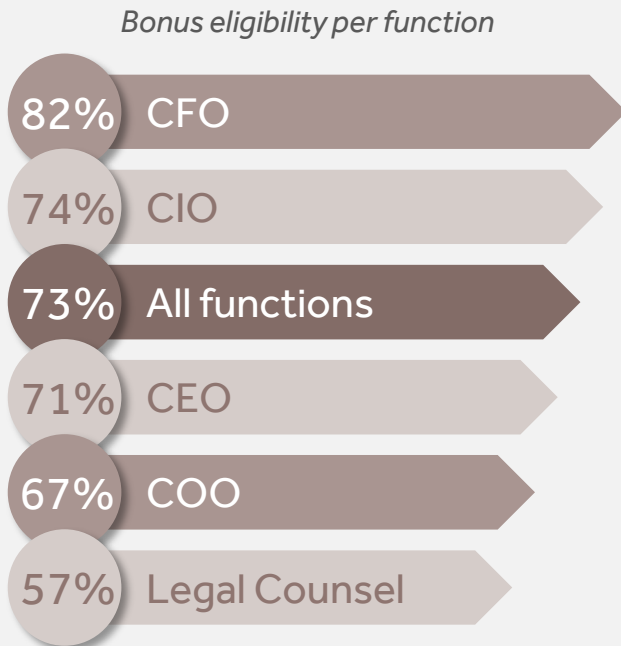


Base salary vs. Total wealth

% of all functions



Short-term incentives (STI)

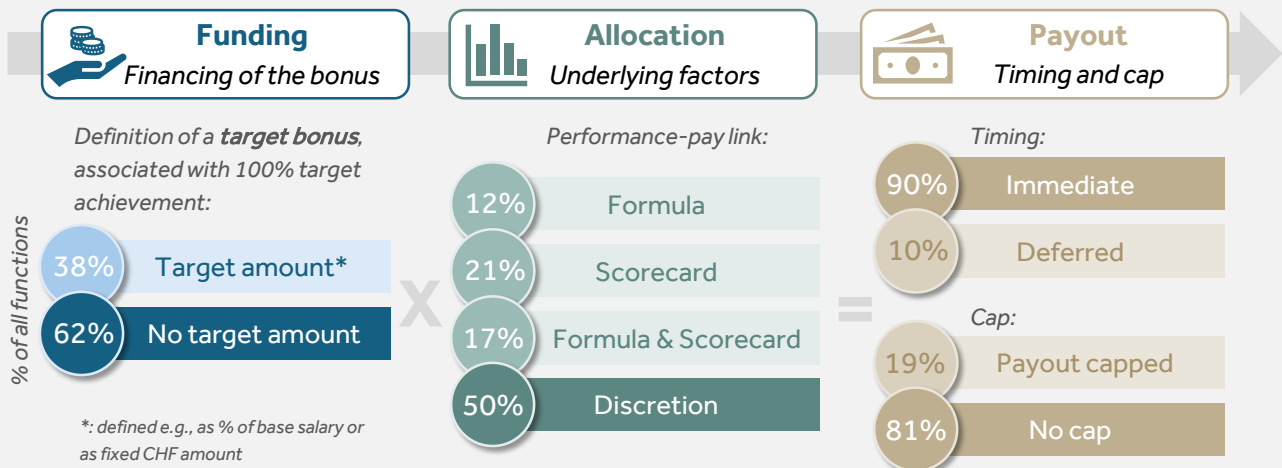


71%

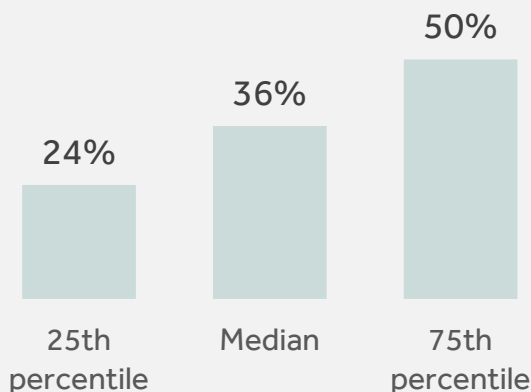
of **CEOs** eligible
for short-term incentives (bonus)

Short-term incentive (STI) plans, often defined as bonus payments, aim to incentivize and reward employees based on achieving specific annual performance targets (KPIs). For the surveyed SFOs, the eligibility for any kind of short-term incentives reaches 73% across all C-level functions.

Typical design features of an STI plan



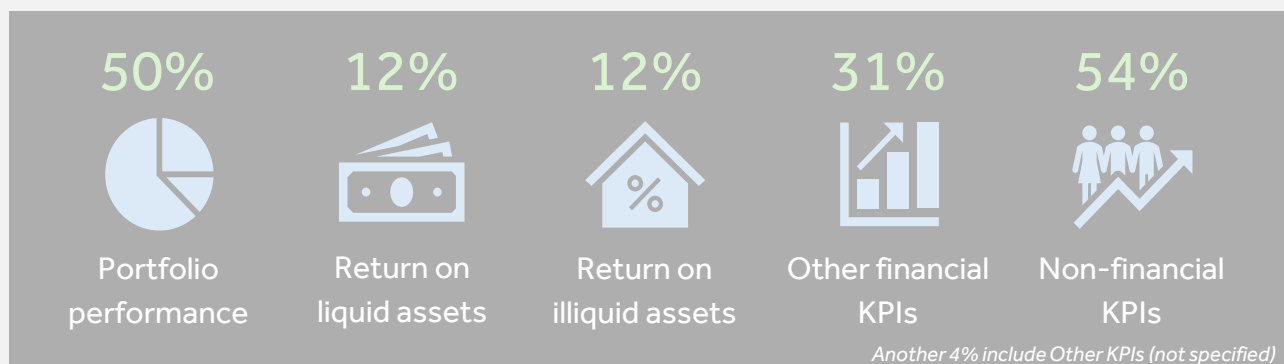
2023 STI % Base salary All functions



For 62% of STI plans no target bonus associated with 100% bonus achievement is set. For those with a predefined bonus level, most commonly an individual target CHF amount for each plan participant (65% of all functions) is used. Rarely, the target bonus is defined as percentage of base salary (25%). Half of the SFO bonus schemes include discretionary decisions with no direct link to SFO and/or individual performance. For 2023, the effective STI amounted to 36% of base salary at median for all surveyed C-level functions.

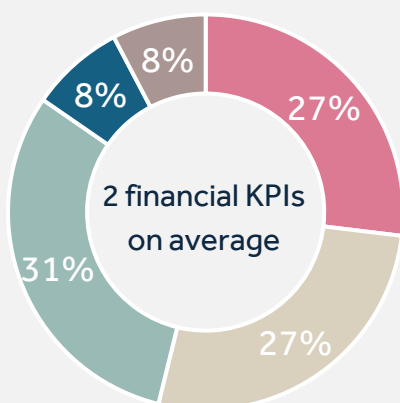
STI KPIs

% of all functions

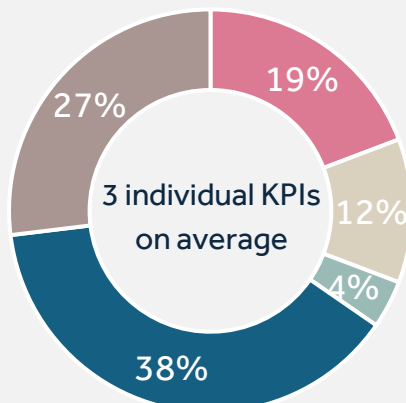


Non-financial KPIs (54%) along with portfolio performance (50%) are commonly utilized criteria for the short-term bonus plans with a performance-pay link. For the CEO and CIO, the bonus KPIs lean more towards portfolio performance (both 57%), whereas the relevant metrics for such positions as Legal Counsel and Head of Philanthropy are exclusively non-financial.

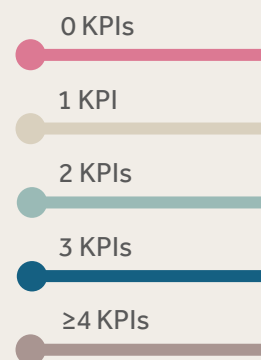
Financial KPIs



Individual KPIs



Number of KPIs



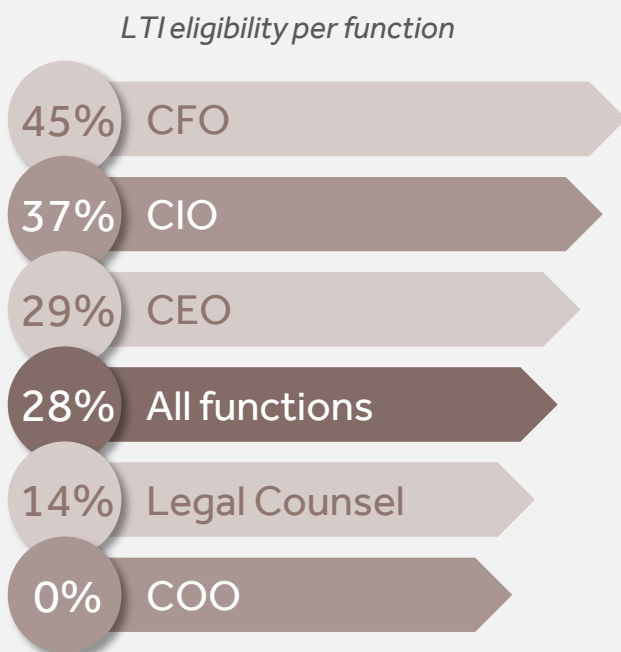
There are commonly 2 financial KPIs per bonus plan with maximum number of 5 (for the CEO and CIO functions). On average, STI plans for SFO C-suits depend on 3 individual KPIs. This average is higher for such functions as COO and CFO (both 4 KPIs). At some SFOs, substantial differences in the number of KPIs utilized across relevant C-level functions were observed.

81%

of bonus plans with **discretion**
applied to **final payout**

Including bonus plans with performance-pay link, discretion is applied to the final payout in 81% of cases. There exists a pre-defined cap on the effective STI for about 19% of cases, which is commonly set at 25% to 30% of base salary. For 10% of STI plans with deferral (for CEO, CIO and CFO), i.e. postponement of payment to future periods, the deferred portion ranges from 25% to 66% of bonus amount. All plans are paid out in cash.

Long-term incentives (LTI)

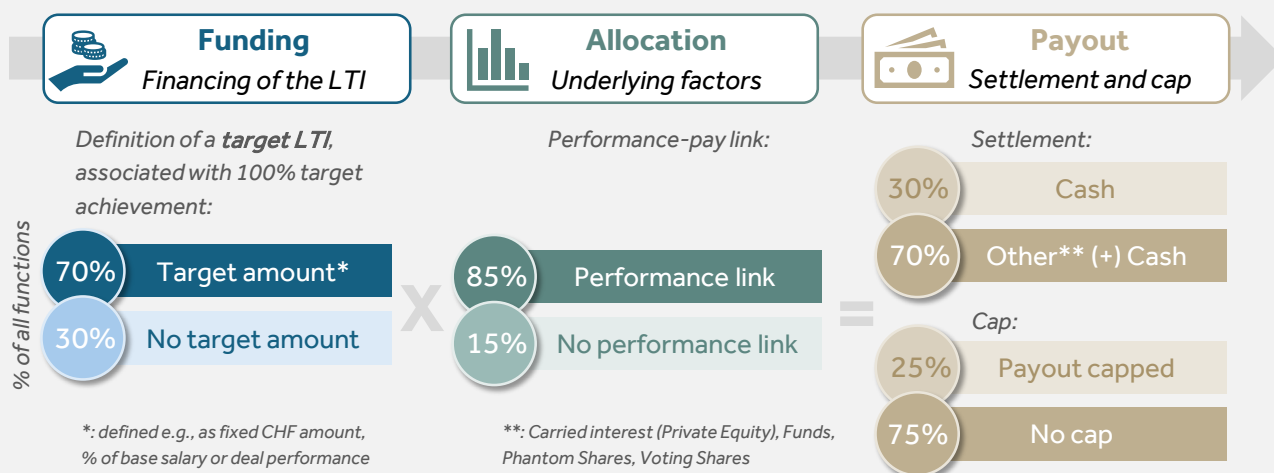


29%

of **CEOs** eligible
for long-term incentives (LTI)

Long-term incentive (LTI) plans aim at rewarding employees for their sustained performance and contributions over a longer time period. For the surveyed SFOs, less than one third of all executives (28%) are eligible for LTI plans, whereas the eligibility portion varies significantly among different C-level functions.

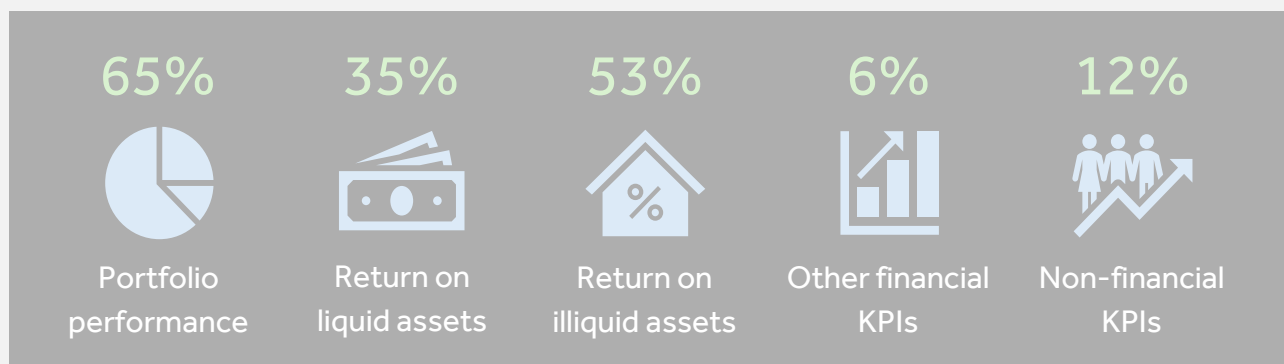
Typical design features of an LTI plan



Contrary to STI plans design, the overwhelming majority of LTI schemes at SFOs (70% of C-level functions with LTI) sets an expected target amount. Half of these plans are based on a fixed CHF target amount; the other half is defined as percentage of base salary or deal performance (carry). In 85% of cases this amount is further linked to performance, whereas for 15% no such link was declared. About 30% of LTI plans are paid solely in cash, whereas 70% are settled in other instruments (in combination with cash). Such instruments include carried interest, voting or phantom shares, and funds. There exists a pre-defined cap on the effective LTI for about 25% of cases, which is set quite differently across surveyed SFOs and ranges between 20% and 400% of base salary. Discretion is applied in overall 15% of cases (for CEO and CFO), whereas in 45% of cases the final payout is subject to forfeiture (service) conditions.

LTI KPIs

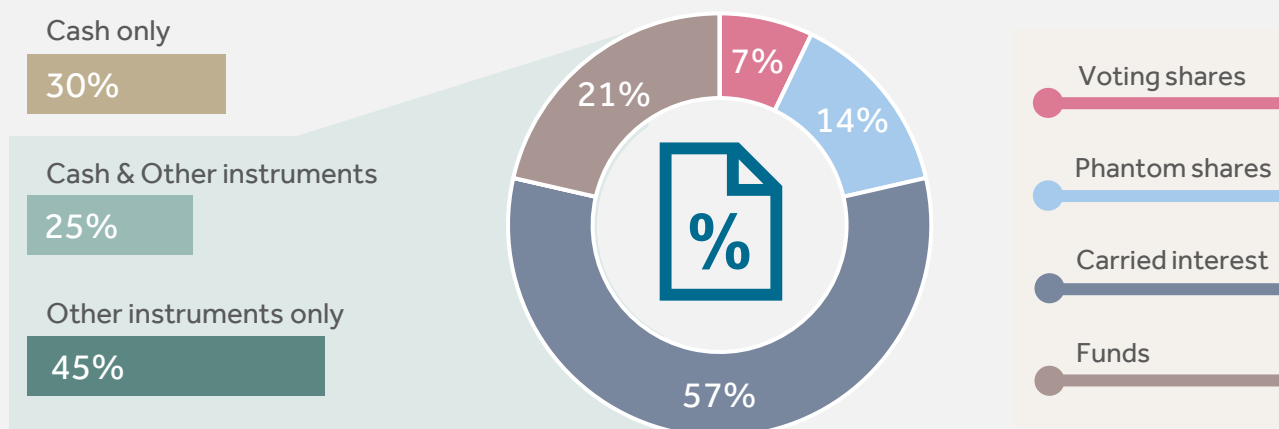
% of all functions



Portfolio performance (65%) and return on illiquid assets (53%) are commonly utilized as criteria for the long-term incentive plans with a performance-pay link. Compared to the short-term incentives, LTI plans for SFO executive functions depend less on non-financial KPIs (12%). Return on liquid assets as performance metric is used more often for CFOs (50% of the plans) relative to other C-level functions.

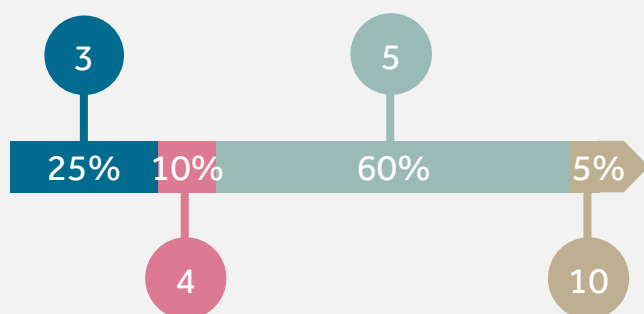
Settlement

Other instruments



Duration of LTI plans (years)

% of all functions



About 45% of LTI plans granted to SFO C-functions are in the form of solely non-cash instruments, such as carried interest in private equity investment profits (57%). Rarely, the granting form involves voting or phantom shares (7% and 14%, respectively). The duration of LTI plans at SFOs ranges between 3 and 10 years, with the majority (60%) set at 5 years. SFOs seem to apply the same LTI design for instruments and duration across all relevant C-level functions.

Methodology

The study utilized a structured questionnaire containing 44, primarily single-choice and multiple-choice questions, categorized into five key sections:

- A.** General SFO information
- B.** Individual Background
- C.** Base Salary / Total Compensation
- D.** Short-Term Incentive (STI)
- E.** Long-Term Incentive (LTI)

The questionnaire was distributed by SFOA to a total of 66 SFOA members and selected non-members, with a data collection period running from June 2024 to the end of August 2024 and the final download of the responses on September 1st, 2024. To ensure confidentiality and privacy of the participating SFOs, the survey was conducted on a fully anonymous basis. SFOA nor HCM can make a link between the answers from an individual SFO and the respective SFO name.

The study focuses on C-level positions within Swiss SFOs. A total of 28 SFOs participated, reflecting a response rate of 42% and, contributing data for 71 C-level functions. Although the anonymity of the participants was fully granted, it is notable that several SFOs took part in the survey without concluding all questions due to their internal policies which prohibit the disclosure of salaries. These partial responses were not considered for the study. The average time required to complete the questionnaire was under 15 minutes. Throughout this study, only the components of total direct compensation (reported in gross amounts) were considered. Consequently, expense allowances, social securities, pensions, and other benefits were omitted from this year's survey.

The responses received form the basis of the data analysis presented in this study. However, certain data points were excluded due to incompleteness or inability to be processed. We made sure that the remaining data is robust and as representative as possible, while we also omitted certain analyses to avoid the possibility of the results highlighting any particular SFO. Furthermore, the statistics presented in this report may not always sum up to 100% due to rounding effects. Percentile analysis of compensation figures was given only in case of a valid number of data points. Note that, statistics reflecting compensation levels by function in terms of base salary and total compensation represents different data points.

We fully recognize that the sample under consideration may not fully capture the entirety of the SFO landscape, so that some of the descriptive statistics may not be applicable across all SFOs. At the same time, the results illustrate trends and can serve as a basis for further reflection.

About the authors



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Dr. Stephan Hostettler is the founder and Managing Partner of HCM International and has been active as an entrepreneur and consultant in Switzerland, the US, Europe and other regions since 2002. Prior to this, he worked for a major Swiss bank in the area of financial analysis and as a consultant on corporate finance and corporate governance in the US.

He is frequently sought for public comment on executive compensation, governance, and company strategy topics in Switzerland. He is recognized as an expert and thought leader in these areas as well as on value-based management. As part of his consulting practice, he has advised more than 450 companies on the implementation of concrete recommendations. He teaches at the University of St. Gallen and is a frequent guest speaker at conferences, including the Ted Talks. He holds a doctorate degree in finance from the University of St. Gallen and is the author of several articles and books.



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Kateryna Bulda has over 10 years of professional experience in corporate finance, governance, and regulatory framework. She supports public and private companies in addressing their business challenges with a particular focus on performance analysis, calibration of incentive plans, including assessment of risk and payout profiles, shareholder communication, and general corporate governance issues.

She holds a Master of Financial Management from Kyiv National Economic University, including economic studies at University of Konstanz, and is a Certified Financial Manager from DVFA in Frankfurt am Main.



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Andre Rodrigues joined HCM in 2024 as a Consultant and advises companies in the area of compensation and corporate governance.

He holds a Master of Science in the field of Capital Markets & Data Science from the University of Applied Sciences (ZHAW) and a Bachelor of Science in Business Administration with specialization in Banking & Finance. Prior to joining HCM, he gained practical experience in consulting and sales at a large Swiss retail company.

About HCM

HCM, founded in 2002, is a leading independent international consulting firm with 25 employees, focusing on governance, compensation, and financial leadership. HCM has 450+ company clients across various industries and advises Owners, Board of Directors and Executives.

HCM has offices in Zurich, Geneva, and Kyiv. HCM also chairs the Global Governance and Executive Compensation Group (GECN) with global partners in the US, Asia, Africa, and Australia. This enables HCM to cover a range of markets and therefore support companies of all sizes, from large multinational and listed institutions to small and medium-sized companies, including those preparing for an IPO.

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