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

Insights Into the Evolving Landscape of Executive Compensation and Benefits

NFP and Aon Executive Benefits Practices

NFP and Aon Executive Benefits practices combined are the largest executive benefits group in the U.S., providing tailored benefit solutions to the key talent responsible for an organization's success.

320,000
executives covered *

$32B
assets under management *

44%
of Fortune 100 companies served *

Financial Wellbeing

Life, Disability & LTC

Executive Life Insurance

Enhanced Disability

Long-Term Care

Other Benefits

Critical Illness

Cybersecurity

Retirement

Deferred Compensation

Supplemental Retirement Planning

Benefit Funding (ICOLI/BOLI)

* NFP and Aon client data as of 12/31/24.

Our services include:

- Consulting, in-depth financial design and actuarial analysis.
- Regulatory compliance review.
- Complete plan implementation, communication and administration.

About the Data

Respondents
260 executive benefits decision-makers across industries.

Key Positions
CHROs, CEOs, CFOs and other executive roles.

Industries Represented
Primarily financial services, along with professional services, nonprofit, manufacturing and more.

Key Trends: Executive Compensation Adapting in Uncertain Times

Shift in Compensation Models

Move from salary increases and blanket perks to more financially disciplined, flexible and sustainable strategies.

Economic Uncertainty

The economy's unpredictable nature is reshaping compensation approaches.

Strategic Rebalancing

Companies are focusing on the long-term value of executive benefits over short-term gains.

Economic Headwinds Are Driving Strategic Discipline

Increased Strategic Focus

Organizations are reassessing the ROI on benefits spend, ensuring financial discipline while balancing employee needs.

Financial Prudence

With no clear direction on the economy, leaders are holding compensation steady and turning to executive benefits as a strategic lever.

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

Boomers Retiring

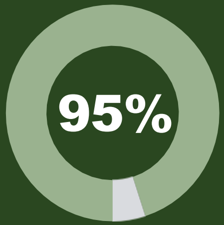
As baby boomers exit, talent gaps are emerging, particularly in industries like construction.

Extended Tenure

Many key employees are delaying retirement but lack adequate retirement planning support, presenting an opportunity for tailored executive benefits strategies.

85%

Cannot afford to lose top talent.



Say executive benefits are successful in **retaining** top talent.

Say executive benefits are successful in **recruiting** top talent.

Benefits Strategy Is Swinging Back to Balance

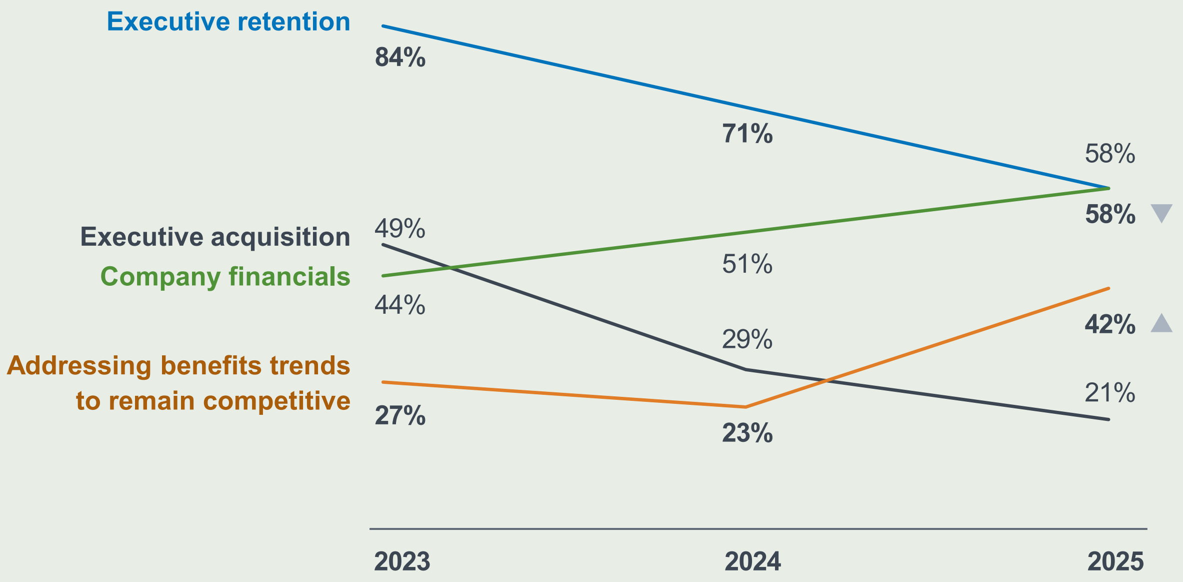
Post-Pandemic Adjustments

Companies are shifting from blanket perks to more customized solutions aligned with today's realities.

Mature Benefits Strategy

Balancing business health with employee needs, focusing on sustainable benefit offerings.

Factors Anticipated to Most Impact Executive Benefits Decisions in the Coming Year(s)



Understanding Is the Missing Link

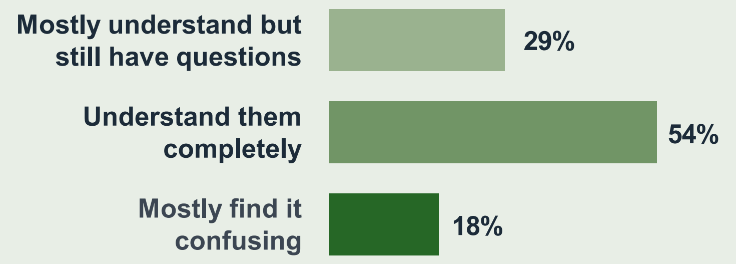
The Communication Gap

A significant portion of key employees report low comprehension of their benefits.

The Opportunity

Providing clear benefits education and access to financial professionals can boost employee engagement and loyalty.

Benefits Comprehension



Resources Used

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%

NQDCPs: Strategic, Flexible and Growing in Value

The Role of Nonqualified Deferred Compensation Plans (NQDCPs)

These plans offer both cost-effectiveness for employers and tax advantages for key employees.

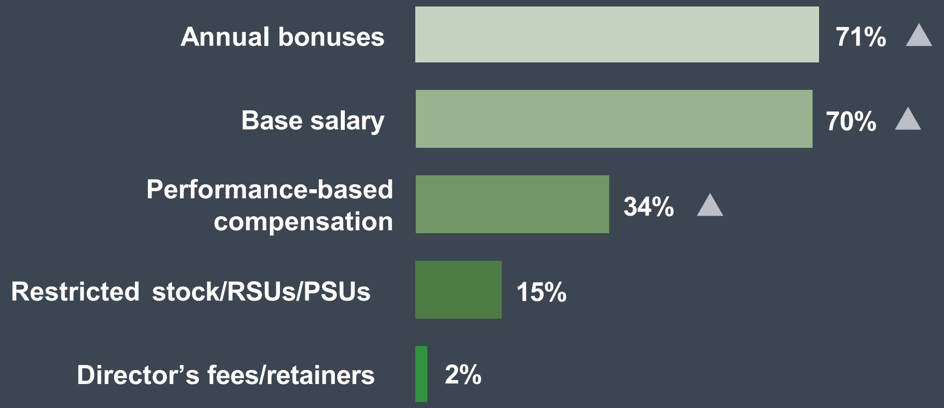
Increasing Participation

As inflation and future tax rates concern employees, many are increasing their participation in NQDCPs, seeing them as essential for long-term financial planning.

83% ▲

Allow participants to defer compensation.

Types of Deferrable Compensation



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.

More Than Retention: The Strategic Role of NQDCPs

Beyond Retention

NQDCPs support not only retention but also long-term retirement planning and help executives gain control over their financial futures.

The Value Exchange

When well-designed and clearly communicated, NQDCPs become a core part of the employer-employee relationship.

Top Reasons for Offering NQDCPs

Seizing the Opportunity: A Best-in-Class Approach

Tailor Benefits to Key Employees
Regularly survey employees and align offerings with both business and individual priorities.

Close the Comprehension Gap
Offer benefits education to enhance value and engagement.

Maximize NQDCP Value
Highlight long-term advantages and simplify participation.

Spotlight: Financial Services Sector

Compensation Deferral

77%

of firms **allow compensation deferral** (up from 65% in 2024).

NQDCP Benefits

90%

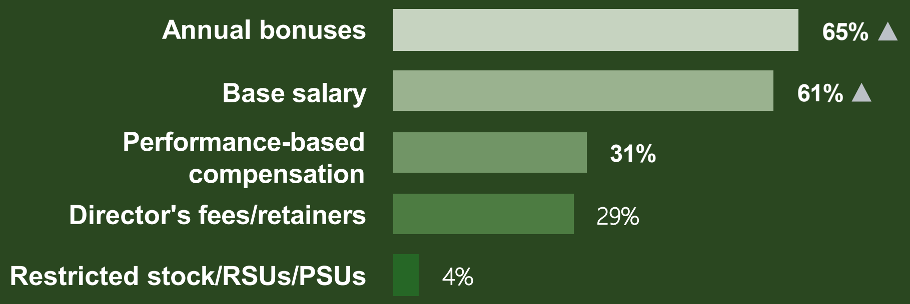
of financial services respondents **believe NQDCPs improve retirement** preparedness.

Delayed Retirement

54%

of key employees in financial services are **delaying retirement** (up from 44% in 2024).

Key Employees Are Deferring



Partner with the Leaders in Executive Benefits

Attract and Retain Top Talent

Offer industry-leading executive benefits to foster loyalty and drive long-term success.

Bridge the Retirement Gap

Help high earners save for retirement, ensuring they can retire on their terms and avoid delayed retirements that drive up costs.

Minimize Replacement Costs

Reduce the high cost of replacing key executives by incentivizing retention and ensuring smooth transitions.

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Thank You

Thank you for participating in the 2025 NFP U.S. Executive Compensation and Benefits Trend Report. You will receive your exclusive early release copy of the report in the coming days.

Reach out to NFP's Executive Benefits team at **executivebenefits@nfp.com** for personalized consultation and to learn how we can support your executive benefits strategy.

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