2025-2026 EDITION

CEO and Executive Compensation Trends

Based on disclosure by Russell 3000® and S&P 500® companies

Gallagher

Insurance | Risk Management | Consulting

CONTENTS

The Gallagher CEO and Executive Compensation Trends: 2024-2025 Edition documents trends and developments in senior management compensation at 2,892 companies issuing equity securities registered with the US Securities and Exchange Commission (SEC). This report includes those organizations that filed their proxy statement between July 1, 2023, and June 30, 2024, and as of July 1, 2024, appeared in the Russell 3000® Index. This report benchmarks the individual elements of compensation packages.

Aggressive competition for leadership talent among smaller companies and an evolving talent and market landscape are shaping executive pay growth in new ways.

In today's dynamic talent marketplace, executive leaders no longer adhere to traditional career paths. Top executives move fluidly between public and private companies, across organizations of all sizes, and often shift industries altogether. Remote work has erased geographic boundaries, amplifying competition for high-performing leadership at an unprecedented scale.

While this report centers on US publicly traded companies, these trends resonate globally and across sectors. Gallagher's extensive board advisory experience reveals that pay practices in public companies frequently influence private markets and international compensation standards alike.

If you're asking:

- What are the latest trends in CEO and C-suite pay?
- How did compensation change in 2024 — and what's coming in 2025 and 2026?
- How should we structure pay to stay competitive while meeting investor and regulatory expectations?

You'll find the answers here.

To prepare this year's analysis,[1] Gallagher's Executive Compensation Consulting team examined compensation data from 2,864 Russell 3000 companies — which represent 98% of the investable US equity market. Our team leveraged sources such as Main Data Group and executive compensation disclosures (proxy statements and annual reports). We further segmented insights by company size, industry and a focused S&P 500 subset to enrich benchmarking context.

BY INDEX

	n=	%
Russell 3000 Companies	2,864	
Russell 3000 Companies (Excluding S&P 500)	2,368	83%
S&P 500	496	17%
Total	**2,864**	**100%**

BY INDUSTRY

	n=	%
Communication Services	116	4%
Consumer Discretionary	316	11%
Consumer Staples	121	4%
Energy	134	5%
Financials	562	20%
Healthcare	488	17%
Industrials	421	15%
Information Technology	344	12%
Materials	134	5%
Real Estate	157	5%
Utilities	71	2%
Total	**2,864**	**100%**

BY REVENUE SIZE*

	n=	%
Under $50 million	238	10%
$50-$199M	207	9%
$200-$499M	272	12%
$500-$999M	310	13%
$1,000-$1,999M	299	13%
$2,000-$4,999M	430	19%
$5,000-$9,999M	209	9%
$10,000-$19,999M	164	7%
$20 billion and over	173	8%
Total	**2,302**	**100%**

*Excludes financial companies.

BY ASSET SIZE*

	n=	%
Under $1 billion	39	7%
$1-$4.9B	191	34%
$5-$14.9B	149	27%
$15-$49.9B	96	17%
$50-$199.9B	56	10%
$200 billion and over	31	6%
Total	**562**	**100%**

*Includes financial companies only.

[1]This report highlights emerging trends rather than prescribing specific pay strategies. Each company must tailor compensation programs to align with its unique market context, strategic priorities and talent needs. Because the Russell 3000 evolves annually, some year-over-year differences reflect changes in company composition, filings or executive turnover — not solely market dynamics.

EXECUTIVE SUMMARY:

Market rebound fuels executive pay growth — but 2025 signals a shift

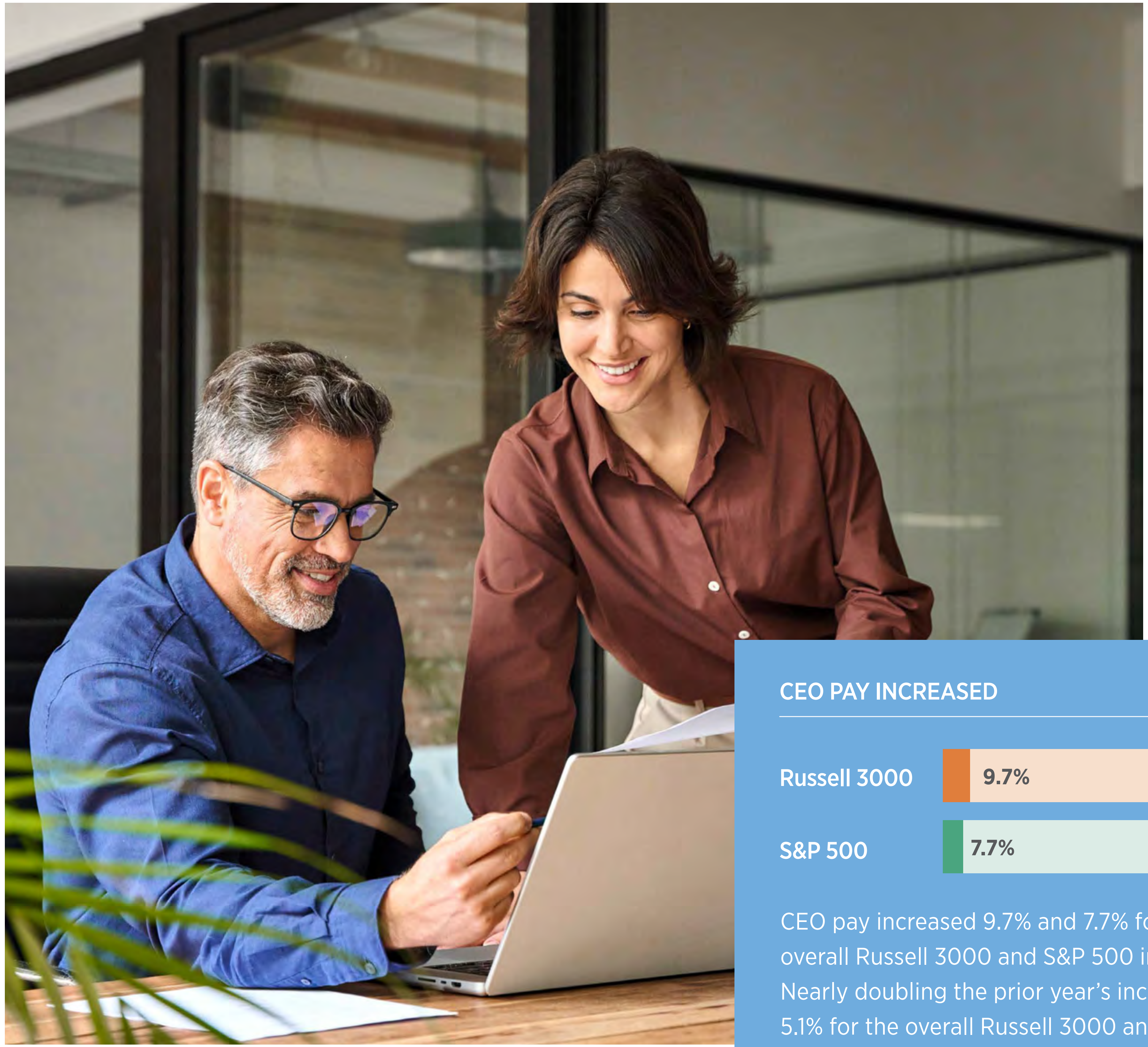
Executive compensation continues to mirror broader market performance — and in 2024, both saw a sharp rebound. The S&P 500 ended the year up 64% from its October 2022 low, buoyed by easing inflation, resilient corporate earnings and waning recession fears. Executive pay rose in tandem.

Median CEO compensation across the Russell 3000 Index climbed 9.7% in 2024, nearly doubling the prior year's increase of 5.1%. Within the S&P 500, CEO pay grew 7.7%, a notable jump from 2023's 5.6%, with long-term incentives (LTIs) serving as the primary driver of growth.

However, early indicators suggest that 2025 may mark a shift in trajectory. While executive pay remains strong, the post-pandemic hiring surge has plateaued — talent competition is stabilizing, especially at the senior executive level. Gallagher's data points to more modest increases in base salaries in 2025, with even smaller salary increase budgets in 2026.[2]

This moderation reflects a more cautious economic outlook, with companies navigating fluctuating economic conditions, a cooling labor market, and growing expectations around pay equity and transparency.

As economic conditions stabilize and investor expectations evolve, we anticipate executive pay trends in 2025 to level off. Likely this stabilization will usher in a broader transition toward more deliberate, performance-based compensation strategies that prioritize enduring value creation over short-term financial gains.



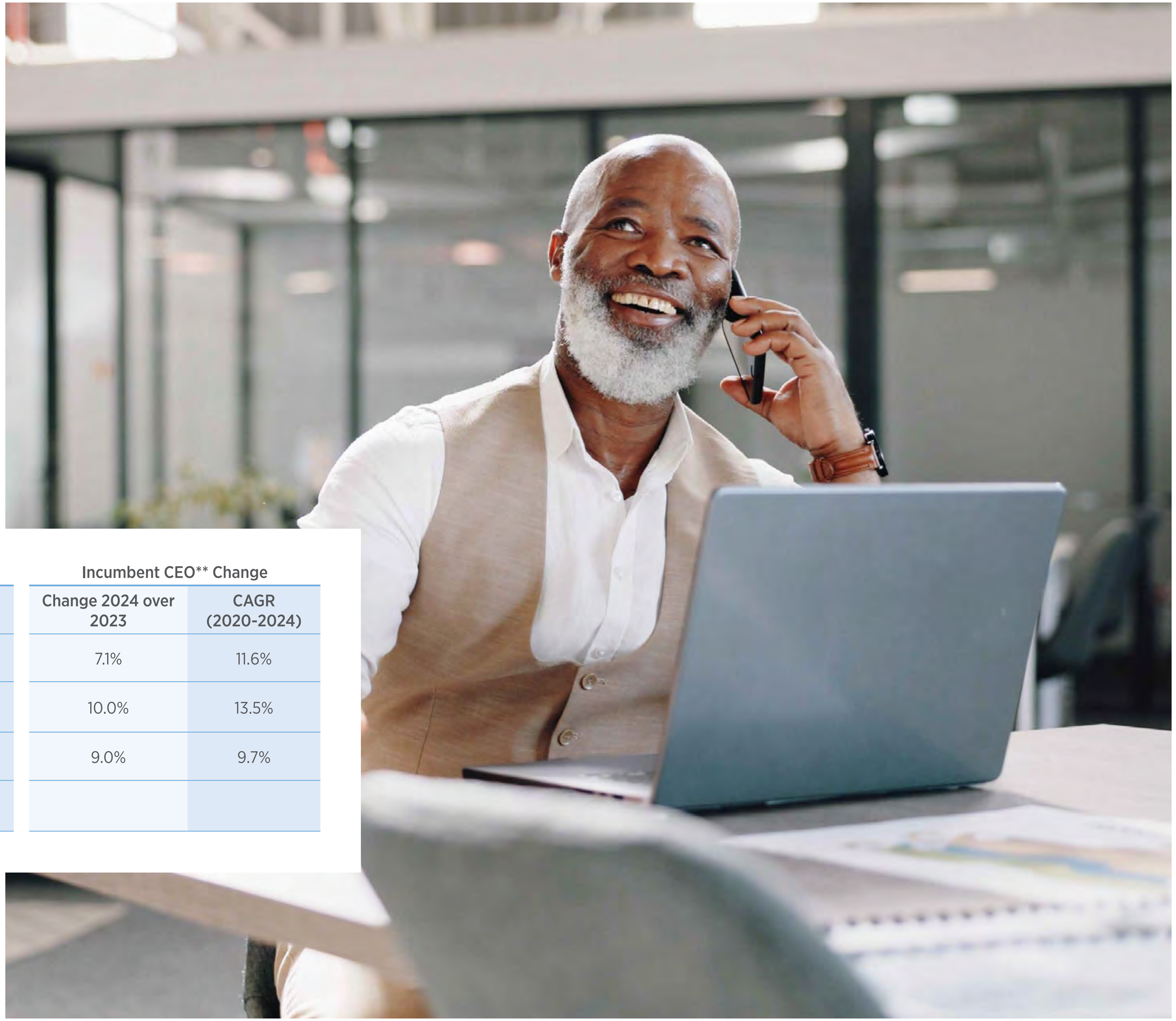
CEO PAY INCREASED

Russell 3000	9.7%
S&P 500	7.7%

CEO pay increased 9.7% and 7.7% for the overall Russell 3000 and S&P 500 indexes. Nearly doubling the prior year's increase of 5.1% for the overall Russell 3000 and 5.6%, S&P 500 for 2023.

[2] 2025/2026 Salary Planning Report, Gallagher.

KEY TRENDS FROM 2024 COMPENSATION DATA



CEO pay growth exceeds expectations:

Median CEO pay rose 9.7% and 7.7% for the overall Russell 3000 and S&P 500 companies, as firms rewarded CEOs for their companies' continued shareholder value creation. These increases followed 2023 jumps of 5.1% (Russell 300) and 5.6% (S&P 500). The pay increases contrast with the decrease of 6.1% and 2.0% for 2022, compared with the large post-pandemic surges of 29.1% and 15.1% for 2021.

CEO — TOTAL DIRECT COMPENSATION, MEDIAN BY INDEX (2020-2024)

USD Thousands

Median Total Direct Compensation

	CEO Role* Median Data					CEO Role* Change		Incumbent CEO** Change	
	2024	2023	2022	2021	2020	Change 2024 over 2023	CAGR (2020-2024)	Change 2024 over 2023	CAGR (2020-2024)
R3000	6,382	5,820	5,539	5,901	4,569	9.7%	8.7%	7.1%	11.6%
R3000 (Excluding S&P 500)	5,252	4,749	4,469	4,900	3,484	10.6%	10.8%	10.0%	13.5%
S&P 500	15,754	14,631	13,850	14,131	12,280	7.7%	6.4%	9.0%	9.7%
S&P500 R3000 spread	9,372	8,811	8,311	8,231	7,711				

* "CEO Role" denotes median CEO data (TDC of CEO at the end of each year).
** "Incumbent CEO" denotes change by individual CEO.

Long-term incentives (LTI) dominate the pay mix:

CEOs in all company sizes by revenue received 71% or more of their pay in LTI. Most size categories offer LTI percentages of total direct compensation (TDC) ranging between 75% and 78%. The largest percentage of LTI reached 82% in the smallest company size category, $0 to $50 million, which contributed to a nearly 45% increase in TDC. Full-value share awards remain the most common vehicle, as companies look to align pay with performance while managing dilution.

CEO COMPENSATION MIX, BY COMPANY SIZE (2024)

Based on Average Values

Revenue	$0-$50M	$50-$199M	$200-$499M	$500-$999M	$1-$1.99B	$2-$4.99B	$5-$9.99B	$10-$19.99B	>$20B
Percent of TDC									
Base Salary	10%	16%	12%	10%	13%	9%	9%	9%	7%
Annual Bonus	7%	12%	13%	12%	16%	15%	17%	18%	17%
Total LTI	82%	73%	75%	78%	71%	76%	74%	73%	76%
Percent of Salary									
Bonus (% of Salary)	61%	66%	94%	100%	115%	135%	164%	180%	203%
Total LTI (% of Salary)	437%	264%	409%	460%	377%	562%	690%	718%	937%

Assets	$0-$1B	$1-$4.9B	$5-$14.9B	$15-$49.9B	$50-$199.9B	>$200B
Percent of TDC						
Base Salary	20%	20%	17%	11%	8%	7%
Annual Bonus	37%	28%	26%	25%	29%	23%
Total LTI	44%	52%	57%	65%	63%	70%
Percent of Salary						
Bonus (% of Salary)	100%	54%	97%	170%	272%	318%
Total LTI (% of Salary)	139%	53%	118%	277%	614%	850%

Small companies drive volatility — and pay gains:

CEOs at companies earning less than $50 million in revenue saw a staggering 44.7% pay increase, driven by aggressive LTI grants. In general, companies earning less than $1 billion in revenue reported near double-digit CEO pay growth as they compete fiercely for leadership talent.

This finding highlights the focus on long-term incentive awards among emerging growth companies — those newer publicly traded companies typically within the technology or life sciences industries. Because of the high risk of failure at small, emerging companies, the reward potential includes a high level of LTI, often in the form of stock options.

CEO TOTAL DIRECT COMPENSATION, MEDIAN BY COMPANY SIZE (2020-2024)

USD Thousands

	CEO Role Median Data					Change (CEO Role)	
Annual Revenue	**2024**	**2023**	**2022**	**2021**	**2020**	**Increase over 2023**	**CAGR (2020-2024)**
Under $50 million	3,592	2,483	2,572	3,298	1,777	44.7%	19.2%
$50-$199 million	2,517	2,488	2,086	2,700	2,300	1.2%	2.3%
$200-$499 million	4,280	4,012	3,464	4,331	3,139	6.7%	8.1%
$500-$999 million	5,244	4,728	4,719	5,085	3,928	10.9%	7.5%
$1-$1.99 billion	5,620	5,708	5,470	5,578	4,410	-1.5%	6.3%
$2-$4.9 billion	8,403	7,679	7,151	7,886	6,785	9.4%	5.5%
$5-$9.9 billion	11,310	10,933	10,497	11,209	9,690	3.4%	3.9%
$10-$19.9 billion	12,852	12,347	12,092	13,023	12,219	4.1%	1.3%
$20 billion and over	19,070	18,516	16,846	18,775	16,215	3.0%	4.1%
Asset Value							
Under $1 billion	2,068	2,048	1,790	2,457	1,285	1.0%	12.6%
$1-$4.9B	1,309	1,234	1,240	1,246	1,109	6.2%	4.2%
$5-$14.9B	2,790	2,262	2,604	2,417	2,060	23.4%	7.9%
$15-$49.9B	5,755	4,640	5,418	4,933	4,106	24.0%	8.8%
$50-$199.9B	10,750	12,032	10,488	9,538	11,541	-10.7%	-1.8%
$200 billion and over	16,556	15,644	17,830	17,000	13,849	5.8%	4.6%

INCUMBENT CEO PAY INCREASED

Russell 3000	7.1%
S&P 500	9.0%

Incumbent Russell 3000 CEO pay increased 7.1% while Incumbent CEO pay at S&P 500 companies increased at a higher 9.0% rate.

Incumbent Russell 3000 CEO pay grows at a slower clip:

While Russell 3000 CEO pay increased by 9.7%, incumbent (those in their roles since 2020 or earlier) CEO pay increased at a lower rate of 7.1%. The opposite held true at S&P 500 companies, as incumbent CEO pay increased at a higher 9.0% rate, compared with an overall rate of 7.7%.

Gallagher's CEO and Executive Compensation Trends, 2024-2025, indicated that incumbent pay growth for both the Russell 3000 and S&P 500 rose higher than the overall pay growth for each group of companies. Although the 9.7% overall CEO pay growth appears somewhat unexpected, fierce competition for leadership talent at smaller Russell 3000 companies (excluding S&P 500) is driving the increase.

In the past we have seen incumbents leading pay growth, suggesting that companies reward and strive to retain successful CEOs who can navigate the volatile business climate. In this case we may be seeing a scramble at smaller companies to find and retain effective leaders.

Based on 2024 median total compensation for the Russell 3000, CEO pay increased at a five-year compound growth rate of 8.7%. The compound annual growth in CEO compensation since 2020 grew to 11.6% for incumbents.

INDUSTRY INSIGHTS:

Sector-specific trends shape compensation

Health care leads the pack:

CEO pay in health care rose 20.1%, reflecting continued demand, innovation cycles and heightened competition for top talent.

Financials and consumer staples see double-digit gains:

Financial services CEOs received 14.8% pay increases, while consumer staples rose 14.3%, signaling stability and margin strength in these sectors.

CEO pay surges at small tech companies:

Smaller firms in high-growth sectors like technology are leaning on LTI-heavy packages to compete for leadership — often rivaling or exceeding packages at mid-sized peers. Technology CEOs received 9.5% pay increases.

CEO TOTAL DIRECT COMPENSATION, MEDIAN BY INDUSTRY (2020-2024)

USD Thousands

	CEO Role Median Data					Change (CEO Role)	
Industry	2024	2023	2022	2021	2020	Increase over 2023	CAGR (2020-2024)
Communication Services	7,820	7,096	6,532	7,980	5,897	10.2%	7.3%
Consumer Discretionary	7,396	6,818	5,950	7,955	5,586	8.5%	7.3%
Consumer Staples	7,644	6,689	6,584	7,274	6,453	14.3%	4.3%
Energy	6,045	6,080	5,752	6,220	3,711	-0.6%	13.0%
Financials	3,370	2,936	2,898	2,990	2,273	14.8%	10.3%
Healthcare	6,583	5,480	5,596	5,599	4,552	20.1%	9.7%
Industrials	6,692	6,142	5,910	5,863	4,954	9.0%	7.8%
Information Technology	8,308	7,588	7,305	8,040	5,721	9.5%	9.8%
Materials	6,356	5,899	5,640	6,703	5,666	7.8%	2.9%
Real Estate	6,580	6,464	6,372	6,075	5,024	1.8%	7.0%
Utilities	6,424	6,390	5,227	5,094	4,049	0.5%	12.2%

CFOS AND NEOS IN FOCUS

CFO pay growth outpaces CEOs:

In 2024, CFO compensation grew faster than CEO pay — rising 10.5% in the Russell 3000 and 10.7% in the S&P 500. This growth reflects the CFO's increasingly strategic role in capital allocation, risk management and stakeholder engagement.

NEO pay trails behind:

While CFOs saw strong gains, other named executive officers (NEOs) experienced more modest pay increases: 7.7% in the Russell 3000 and just 4.8% in the S&P 500. Although this level marks an improvement over 2023, the gap signals widening internal pay disparities.

Internal pay ratios:

CFOs now earn approximately 39% of CEO pay in the Russell 3000, while NEOs average about 35%. In the S&P 500, these ratios are slightly lower, suggesting tighter executive pay alignment at the top of larger organizations.

NEO PAY GROWTH SINCE 2020:

Increased **34.4%** in the Russell 3000 overall

Rose **30.1%** in the S&P 500

Jumped a striking **38.9%** for Russell 3000 NEOs, outside the S&P 500

MEDIAN CEO COMPENSATION

Increased
44.7%

After two years of decline, median CEO compensation since 2022 for the under $50 million revenue companies surged 44.7% in 2024.

Executive pay gaps widen, small companies surge

Although executive pay is rising broadly, the gap between CEOs and other executives continues to widen. Median CEO pay growth still outstrips that of CFOs and NEOs, reflecting intensified efforts to retain top leadership in a competitive market.

Small companies are driving much of the recent volatility. After two years of decline, median CEO compensation since 2022 for the under $50 million revenue companies surged 44.7% in 2024.

As a result, the five-year CAGR of 19.2% for CEOs represented by far the highest five-year pay growth among all size classes. The next highest CAGR growth reached 8.1% for the $200 to $499 million size group. At the other end of the revenue spectrum, the CAGR for $20 billion and higher came to 4.1%.

This disparity in CEO pay increase rates between larger and smaller companies resulted in increases in the ratio of pay of the smallest companies to the largest companies. Rates reached 0.18%, or 18%, of large company direct compensation — the largest ratio in the past five years.

Why this surge? Smaller companies compete aggressively for leadership talent, often recruiting from larger firms. Smaller firms also tend to deliver higher growth, take higher risk and draw less scrutiny from institutional investors. Notably, LTIs at smaller companies doubled in value compared to their slightly larger peers, making up 82.4% of total CEO compensation — the highest percentage of any revenue group.

Emerging sectors like technology and life sciences commonly employ LTI-heavy compensation to attract talent while conserving cash. LTI levels at these smaller firms rival those at much larger companies.

PREPARE NOW FOR HEIGHTENED SCRUTINY

Executive pay not only is increasing but also attracting more regulatory and investor scrutiny. The SEC's recent actions, from finalizing pay-versus-performance disclosure rules to hosting roundtables to discuss the effectiveness of current disclosure requirements, signal that both regulatory and investor bodies will continue to focus on executive pay.

As a result, compensation committees must attend more closely to:

- Alignment of pay with performance metrics.
- Consistency and rationale behind changing performance measures.
- Narrative disclosures explaining compensation decisions.

As these disclosures evolve, companies must calibrate performance frameworks and disclosures carefully to maintain investor confidence.

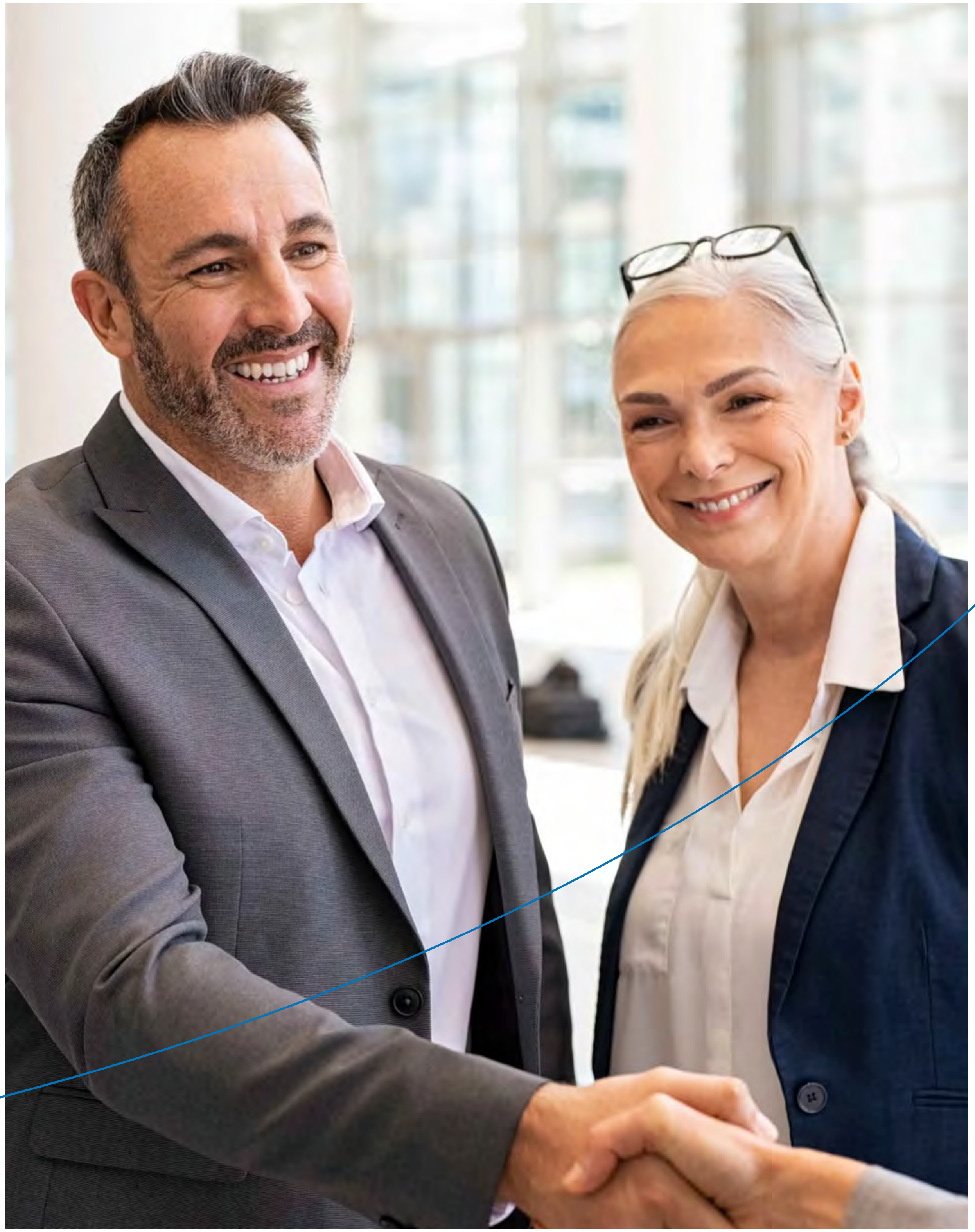
Recalibrating executive pay for a new era of accountability

Executive compensation has entered a more disciplined and strategic phase. The sharp rebound in pay seen in 2024, driven by market recovery and aggressive long-term incentive grants, will not be the norm going forward. Instead, boards and compensation committees must prepare for a landscape defined by heightened accountability.

Compensation committees face a complex balancing act. They must attract, retain and motivate executive talent amid fierce competition. At the same time, they must manage shareholder expectations, regulatory changes and economic uncertainty, including trade tensions and slowing labor markets.

Meanwhile, the workforce itself is evolving. Remote and multinational leadership teams, fluid career paths and cross-sector mobility are redefining how companies compete for top talent. Further, AI and automation are reshaping executive roles, particularly in finance, operations and strategy, leading to new skill demands and evolving incentive structures.

In this environment, successful compensation strategies will align tightly with organizational goals and culture while effectively engaging institutional shareholders to build sustainable leadership teams. **Boards must adopt a forward-looking approach that integrates evolving workforce realities and shifts in investor priorities, particularly around performance alignment and transparent governance.**



ABOUT JAMES F. REDA, DIRECTOR OF THIS REPORT

James F. Reda is managing director for Gallagher's Executive Compensation Consulting team. Reda works with both public and private organizations in planning, creating and implementing incentive programs. He also advises companies on incentive strategy, including long- and short-term senior executive employment arrangements, change-in-control metrics, business combinations, shareholder rights and corporate governance issues.

Reda is a recognized expert in integrating incentive and corporate strategies. He brings nearly 40 years of experience, specifically in senior executive compensation. Prior to forming his own firm in 2004 (acquired by Gallagher in 2011), he worked at three major executive compensation consulting firms. Reda began his executive compensation consulting career at The Bachelder Group in 1987, where he worked for nine years.

ABOUT GALLAGHER

Arthur J. Gallagher & Co. (NYSE: AJG), a global insurance brokerage, risk management and consulting services firm, is headquartered in Rolling Meadows, Illinois. Gallagher's Benefits and HR Consulting division delivers a comprehensive approach to benefits, compensation, human resources, retirement, employee communication and workplace culture. Consultants leverage data, technology and expertise to help an organization's people strategy align with its overall business goals — ultimately empowering employers to build trust with their stakeholders and face the future with confidence.

ABOUT MAIN DATA GROUP

MainData Group provides the most current, easy-to-use and accurate proxy database for executive compensation and governance data. The platform enables compensation professionals to analyze plan-based cash and equity awards, performance-based incentives, equity vesting and metrics, and board compensation. The group's data set spans the Russell 3000-plus peers and captures SEC filings dating back to 2010, using interactive and intuitive analysis tools.

For more information, please visit maindatagroup.com or call (408) 776-1000.

Gallagher can help

At Gallagher, we believe the future of executive pay lies in clarity, customization and credibility. Our Executive Compensation Consulting team is committed to helping companies design tailored, transparent and competitive compensation programs that not only attract and retain top talent but also drive sustainable success in a rapidly changing world.

Learn more: **AJG.com/exec-comp**