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# Pay Trends: Spotlight on Chief Financial Officers – 2025 Update

■ By Kelly Malafis, Roman Beleuta, Louisa Heywood and Cedrick Jean-Louis

CAP's report examines compensation outcomes for Chief Financial Officers (CFOs) relative to Chief Executive Officers (CEOs). This analysis summarizes 2024 compensation actions among 155 companies with median revenue of \$12.6 billion. Detailed criteria used to develop the sample is included in the Appendix.

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**NEW YORK**

1180 Avenue of the Americas, 22nd Floor  
New York, NY 10036  
+1 (212) 921-9350  
[www.cappartners.com](http://www.cappartners.com)

**CHICAGO**

200 S Wacker Drive  
Suite 3100  
Chicago, IL 60606  
+1 (312) 462-4500

**LOS ANGELES**

400 Continental Blvd  
6th Floor  
El Segundo, CA 90245  
+1 (310) 426-2340

**SEATTLE**

500 108th Ave NE  
Unit 1100  
Bellevue, WA 98004  
+1 (646) 532-5932

## Study Highlights

### Base Salary

The median change in base salary in 2024 was 4.0% for CFOs and 0% for CEOs. These changes were the same as last year.

- Over 70% of CFOs and approximately half of CEOs received base salary increases in 2024. The higher prevalence of salary increases among CFOs relative to CEOs is consistent with historical results
- Among executives who received salary increases, the median increase was 5.7% for CFOs and 4.1% for CEOs
- 80% of CFOs and 61% of CEOs received at least one salary increase in the last two years. The annualized salary increases at median were 4.4% and 2.1%, respectively

### Bonuses

Financial performance in 2024, based on revenue and operating income growth, was up 3% and 5%, respectively, at median. Actual bonus payouts were directionally aligned with performance and increased 5% for CFOs and 3% for CEOs at median.

- Among our sample, 55% of CEOs and 56% of CFOs had the same or higher bonus payouts in 2024
- The bonus payouts were mostly aligned with company performance during 2024. Among the companies whose operating income fell in 2024, bonuses were flat compared to 2023 at median. Among the companies with higher operating income, CFO bonuses were up 7% and up 5% for CEOs
- Median target bonus opportunities remained consistent for CEOs at 160% of salary and for CFOs at 100% of salary

### Long-Term Incentive (LTI)

LTI awards increased 7% for CFOs and 5% for CEOs at median, which is more moderate compared to last year (11% and 9%, respectively). LTI continues to lead other elements of pay in magnitude of increases.

- LTI awards have increased 6% for both CFOs and CEOs annually, on average, over the last 10 years

### Total Direct Compensation (TDC)

TDC increases in 2024 were 6% for CFOs and 4% for CEOs at median.

- CFO total compensation as a percentage of CEO total compensation remains at approximately 1/3 in 2024

### LTI and Target Pay Mix

Performance-based equity plans continue to make up the majority of total LTI for CFOs and CEOs. This focus aligns with the emphasis on performance-based pay that is consistent with the compensation philosophies of most organizations.

- The emphasis on variable over fixed pay, and performance-based equity over time-based equity continues
- CFO pay consists of approximately 60% long-term incentives (70% for CEOs). Approximately 95% of companies that grant LTI include performance-based equity

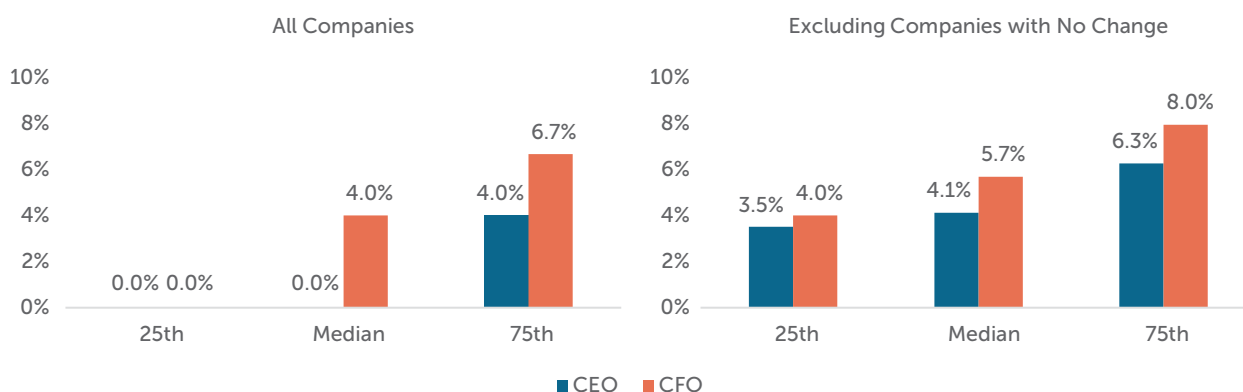
## Study Results

### Salaries

In 2024, 72% of CFOs and 48% of CEOs received salary increases (72% of CFOs and 50% of CEOs received increases in 2023). Increases remained flat for CEOs at median and remained at 4.0% for CFOs. In recent years, salary budgets have trended down from historical highs post-COVID, but are still above 3.0%. When analyzing only executives who received a salary increase, CFOs received a median increase of 5.7% and CEOs received a median increase of 4.1%.

CFOs who received salary increases received higher increases than last year. Salaries at the 25th percentile, median and 75th percentile increased 4.0%, 5.7% and 8.0%, respectively, compared to 3.7%, 5.0% and 7.1% last year.

#### 2024 Salary Increases



### Changes in Actual Pay Levels

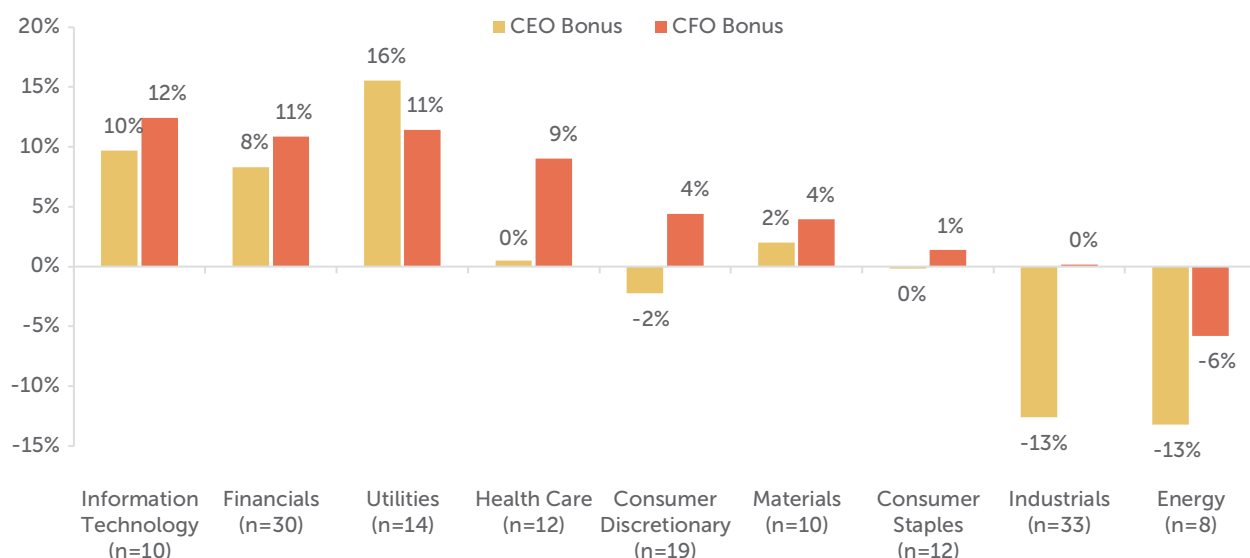
Actual bonus payouts in 2024 were up 2.6% and 5.0% for CEOs and CFOs, respectively, when compared to 2023. Total direct compensation (including long-term incentive awards) increased for both CEOs and CFOs (3.5% for CEOs and 6.1% for CFOs) driven by higher increases in long-term incentive award values. Over time, increases have generally been higher for CFOs compared to CEOs, partially driven by higher external scrutiny on CEO compensation, the expansion of the CFO role over the years, and the increased competition for talent.

Median Percentage Change in Pay Components						
	2021 – 2022		2022 – 2023		2023 – 2024	
Pay Components	CEO	CFO	CEO	CFO	CEO	CFO
Salary	2.9%	3.8%	0.0%	4.0%	0.0%	4.0%
Actual Bonus	-11.0%	-7.5%	0.0%	0.0%	2.6%	5.0%
Long-Term Incentives	4.8%	6.7%	9.1%	10.8%	5.4%	6.7%
<b>Actual Total Direct Compensation</b>	<b>1.9%</b>	<b>4.9%</b>	<b>4.8%</b>	<b>8.1%</b>	<b>3.5%</b>	<b>6.1%</b>

Overall, revenue and operating income performance were up slightly compared to the prior year, with revenue up 3% and operating income up 5% at median. Total Shareholder Returns (TSR) were +14% at median for 2024. Median actual bonuses as a percentage of target were 121% for CFOs and 125% for CEOs in 2024, which is more significant outperformance for CEOs compared to last year, but similar payouts for CFOs. Most companies are still paying above-target bonuses.

Bonus payouts were generally correlated with performance outcomes for most companies. For companies with lower operating income in 2024, bonus payouts were flat at median, compared to a 7% increase for CFOs and 5% for CEOs at companies with higher operating income.

### Median Bonus Increases by Industry\*

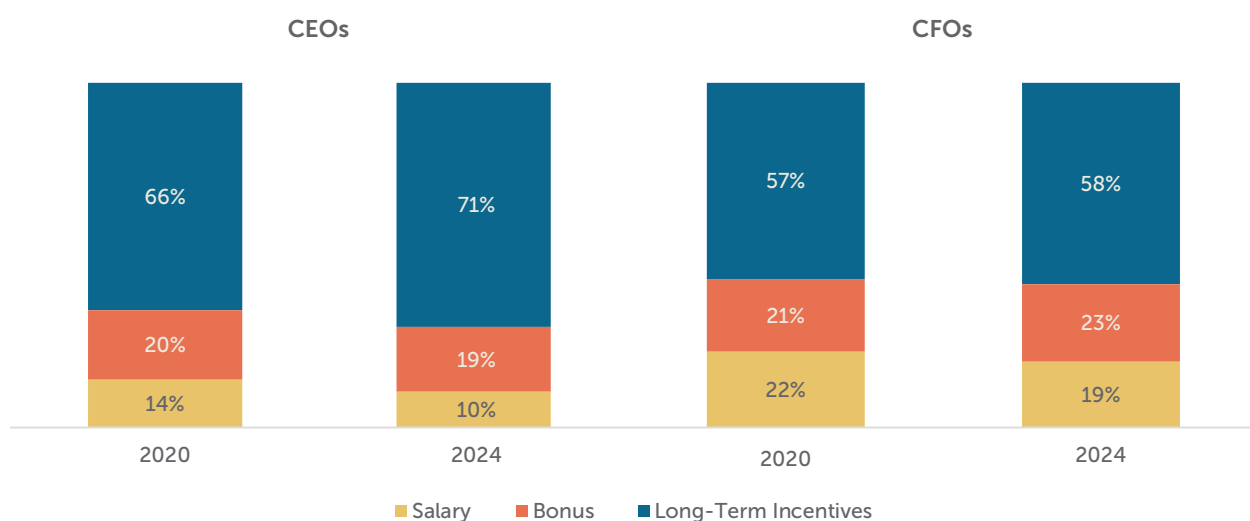


\* Excludes industries which had a sample of less than five companies.

Median change in bonus varied by industry. In 2024, the highest bonus changes for CEOs and CFOs were companies in the Information Technology, Financials and Utilities industries. Energy is the only industry where bonuses were down across the board for both CEOs and CFOs. Operating Income (or EBIT) was down 5% at median in this industry in 2024. All other industries had EBITDA growth at median.

### Target Pay Mix

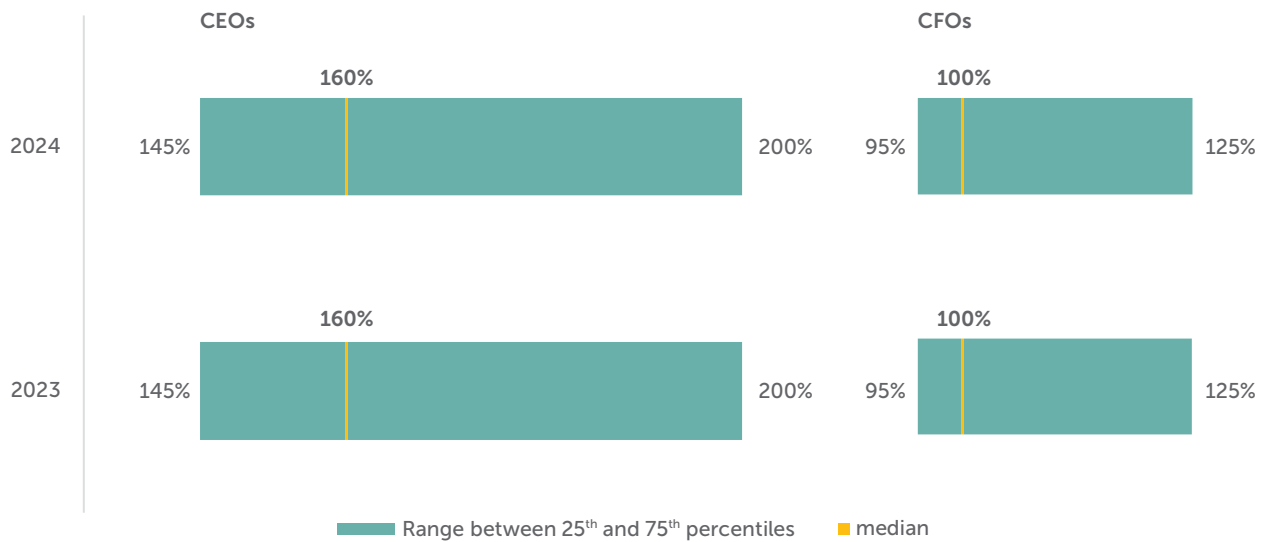
The pay program structure for CEOs and CFOs has remained largely unchanged over time. In the last five years, CEOs have progressively received less in the form of salary and more in long-term incentive opportunities. The pay mix for CFOs has remained consistent. Long-term incentives comprise approximately 60% of total compensation for CFOs and 70% for CEOs.



## Target Bonuses

Median target bonus opportunities as a percentage of salary remained the same for CEOs at 160% of base salary and for CFOs at 100% of base salary.

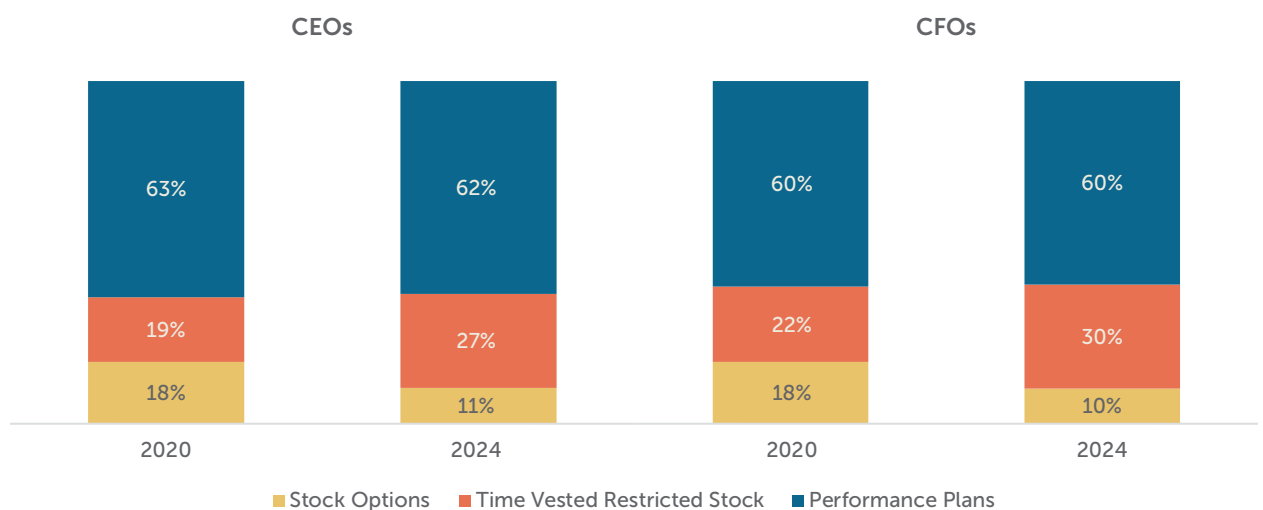
Target Bonus as a % of Base Salary



## Long-Term Incentive (LTI) Vehicle Prevalence and Mix

The majority of companies (66%) deliver LTI using two different vehicles. 22% of companies in the sample use stock options, time-based stock awards, and performance plan awards, and 12% use only one vehicle. The prevalence of companies granting three equity vehicles continued to decline in recent years. Five years ago, in 2020, 54% of companies used two vehicles and 33% used three vehicles.

The portion of LTI delivered through performance shares has remained relatively consistent over the last five years. The remaining portion has been delivered increasingly through time-based shares as opposed to stock options. In 2024, 33% of companies used stock options, compared to 53% in 2020.



## Total Compensation for CFOs as a Percentage of CEOs

Over a 10-year period, CFO total compensation as a percentage of CEO total compensation has been approximately 1/3, generally ranging from 30% to 34%.

## Conclusion

Our study continues to support that paying for performance remains a focus for Compensation Committees and senior management. 2024 revenue and operating profit performance improved 3% and 5%, respectively, and bonus awards were directionally aligned. The CFO role continues to serve as a key leadership role and strategic partner, which partially contributed to the higher movement in pay compared to CEOs. In terms of the target program, though pay mix stays relatively consistent over time, Compensation Committees are delivering the biggest increases in long-term incentives. Looking forward to 2025, economic uncertainty prevails, so we expect no major changes in target programs. Compensation Committees will continue to spend a significant amount of time balancing compensation outcomes with performance, calibrating goal setting in an increasingly volatile political environment, and ensuring talent retention and attraction.

## Appendix

### Sample Screening Methodology

Based on the screening criteria below, we arrived at a sample of 155 public companies with median 2024 revenue of \$12.6B.

Revenue	At least \$5 billion in revenue for fiscal year 2024
Fiscal year-end	Fiscal year-end between 8/31/2024 and 1/1/2025
Proxy Statement Filing Date	Proxy statement filed on or before 3/31/2025
Tenure	No change in CEO and CFO incumbents in the past three years