



Compensation  
Advisory Partners

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# Pay Trends: Spotlight on Chief Financial Officers – 2026 Update

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CAP's report examines compensation outcomes for Chief Financial Officers (CFOs) relative to Chief Executive Officers (CEOs). This analysis summarizes 2025 compensation actions among 140 companies with median revenue of \$15.6 billion. Detailed criteria used to develop the sample is included in the Appendix.

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## Study Highlights

### Base Salary

The median change in base salary in 2025 was 3.7% for CFOs and 2.1% for CEOs. This is the first time in three years that CEOs have had salary increases at median as more than half of CEOs in the sample received an increase.

- 75% of CFOs and 56% of CEOs received base salary increases in 2025. This is a higher prevalence of increases for both CEOs and CFOs, though CFOs receiving relatively more increases compared to CEOs is consistent with historical results
- Among executives who received salary increases, the median increase was 4.5% for CFOs and 4.1% for CEOs
- 84% of CFOs and 68% of CEOs received at least one salary increase in the last two years. The annualized salary increases at median were 5.0% and 3.7%, respectively

### Bonuses

- Financial performance in 2025 showed a 6% growth in revenue and 8% growth in operating income, at median. Actual bonus payouts were directionally aligned with performance and increased 7% for CFOs and 6.5% for CEOs at median
- Among our sample, 54% of CFOs and 55% of CEOs had the same or higher bonus payouts in 2025 versus 2024
- For companies with target bonuses, the median actual bonus payout as a percentage of target approximated 120%. This funding level has stayed within a +/-5% range over the last four years
- The bonus payouts were mostly aligned with company performance during 2025. Among the companies whose operating income fell in 2025, bonuses declined 5% for CFOs and 6% for CEOs at median. Among the companies with higher operating income, CFO bonuses were up 12% and CEO bonuses were up 10% at median
- Median target bonus opportunities remained consistent for CFOs at 100% of salary and increased slightly for CEOs to 162.5% of salary (from 160% in 2024)

### Long-Term Incentive (LTI)

LTI awards increased significantly, 12% for CFOs and 9% for CEOs at median, which is almost double the increase from last year (7% and 5%, respectively). LTI often leads other elements of pay in magnitude of increase.

- Over the 10-year period from 2016 through 2025, LTI awards have increased an average of 8.7% and 7.0% per year for CFOs and CEOs, respectively

### Total Direct Compensation (TDC)

TDC increases in 2025 were approximately 8% for CFOs and 9% for CEOs at median. This is the first time in several years where the TDC increases for CFOs and CEOs are very close, driven by strong performance and increased focus on retention of key talent in this environment.

- CFO total compensation as a percentage of CEO total compensation remains at approximately 1/3 in 2025

### 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 63% long-term incentives (73% for CEOs) in 2025
- Approximately 95% of companies that grant LTI include performance-based equity

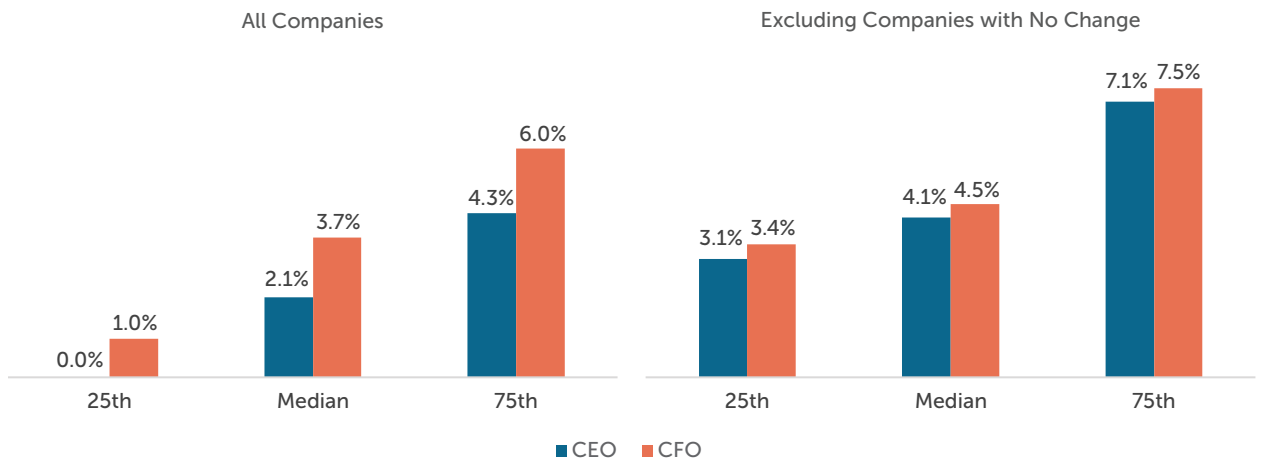
## Detailed Results

### Salaries

In 2025, 75% of CFOs and 56% of CEOs received salary increases (72% of CFOs and 48% of CEOs received increases in 2024). Increases were 3.7% for CFOs at median and 2.1% for CEOs at median. Salary budgets continue to trend down, with median increases of approximately 3.5% for salary structures in 2025. When analyzing only executives who received a salary increase, CFOs received a median increase of 4.5% and CEOs received a median increase of 4.1%. Executive salaries are typically not adjusted annually, which explains more significant increases when they do occur.

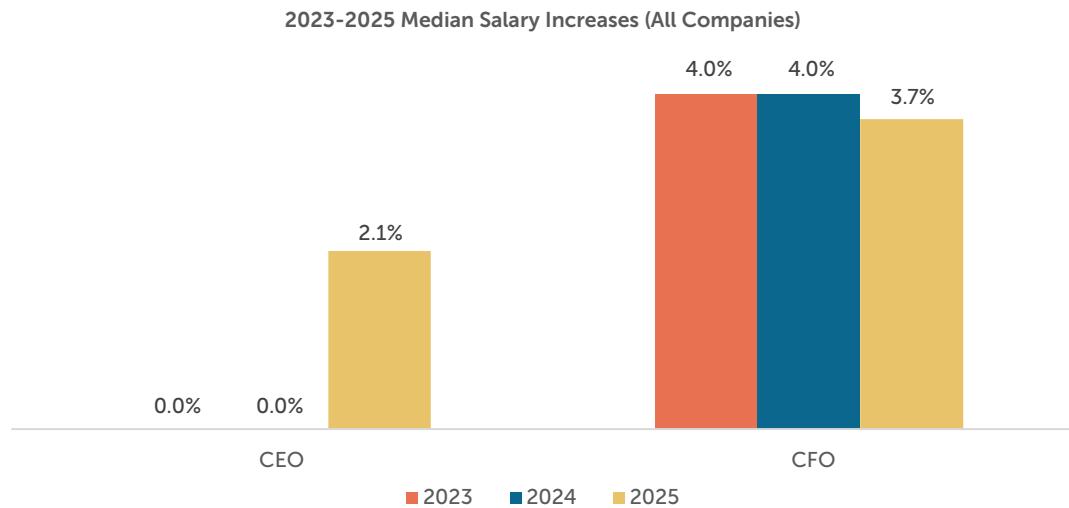
For CFOs who received salary increases, the increases were slightly lower than last year. Salaries at the 25th percentile, median and 75th percentile increased 3.4%, 4.5% and 7.5%, respectively (compared to 4.0%, 5.7% and 8.0% last year).

#### 2025 Salary Increases



Over the last three years, CFO base salaries have increased approximately 4.0% at median with a slight decline in 2025. CEO salaries were unchanged at median in 2023 and 2024 but increased 2.1% in 2025.

#### Three-Year History of Salary Increases



## Changes in Actual Pay Levels

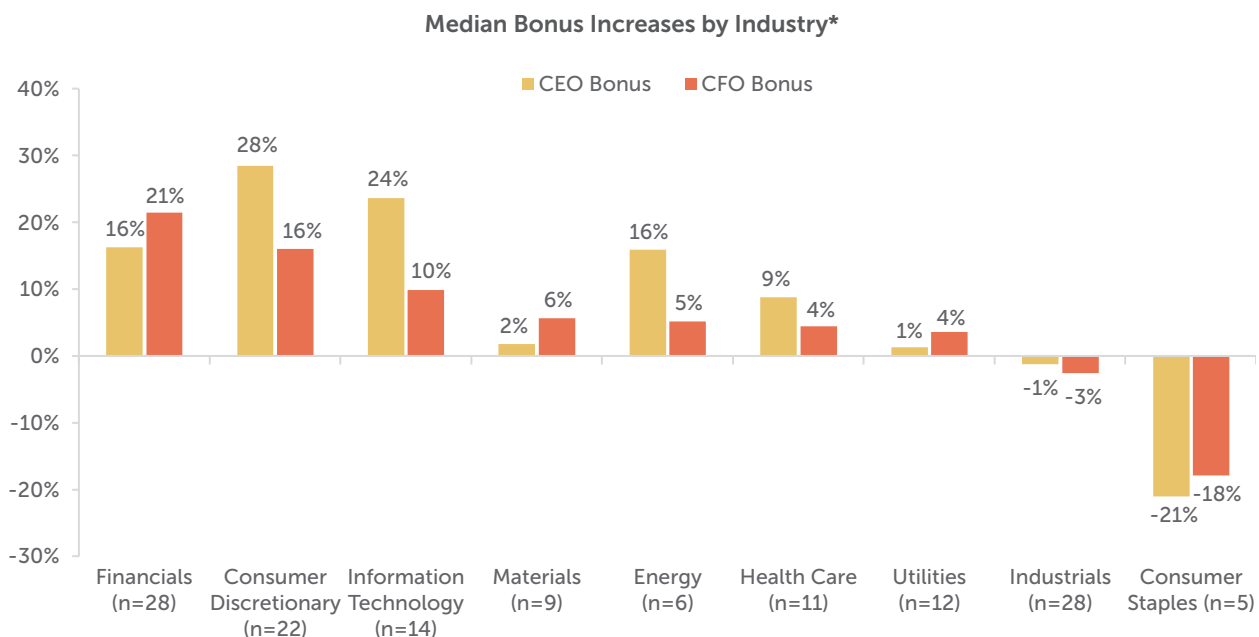
Actual bonus payouts in 2025 were up 6.5% and 7.1% for CEOs and CFOs, respectively, when compared to 2024. Total direct compensation (including long-term incentive awards) increased for both CEOs and CFOs (8.6% for CEOs and 7.6% for CFOs), driven by higher increases in long-term incentive award values. Historically, increases have generally been higher for CFOs compared to CEOs. CFO increases remain in the high single digits driven by expansion of the CFO role over the years and increased competition for talent.

Median Percentage Change in Pay Components						
Pay Components	2022 – 2023		2023 – 2024		2024 – 2025	
	CEO	CFO	CEO	CFO	CEO	CFO
Salary	0.0%	4.0%	0.0%	4.0%	2.1%	3.7%
Actual Bonus	0.0%	0.0%	2.6%	5.0%	6.5%	7.1%
Long-Term Incentives	9.1%	10.8%	5.4%	6.7%	9.0%	12.0%
<b>Actual Total Direct Compensation</b>	<b>4.8%</b>	<b>8.1%</b>	<b>3.5%</b>	<b>6.1%</b>	<b>8.6%</b>	<b>7.6%</b>

Overall, revenue and operating income performance were up compared to the prior year, with revenue up 6% and operating income up 8%, and Total Shareholder Returns (TSR) of +12% for 2025.

Bonus payouts were correlated with performance outcomes for most companies. For companies with lower operating income in 2025, bonus payouts were down 5% for CFOs and down 6% for CEOs at median, compared to up 12% for CFOs and 10% for CEOs at companies with operating income growth.

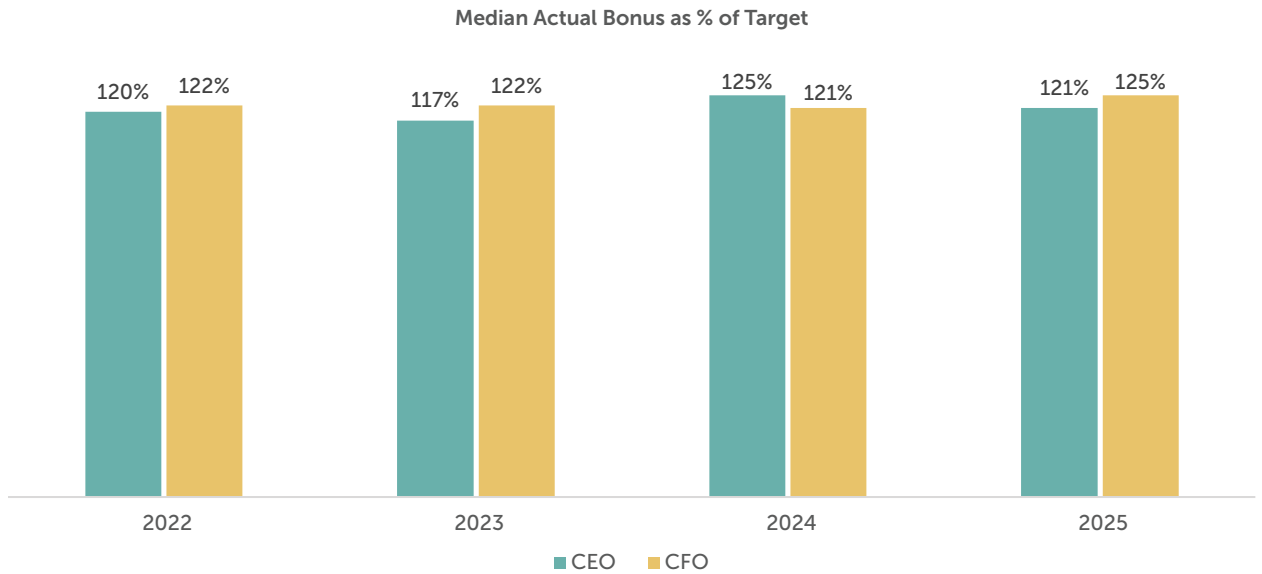
Median change in bonus varied by industry. In 2025, the highest bonus changes for CEOs and CFOs were companies in the Financials, Consumer Discretionary and Information Technology industries. Industrials and Consumer Staples companies had bonuses that were down for both CEOs and CFOs. Unlike the last two years, CEO bonus changes were higher than CFOs in several industries.



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

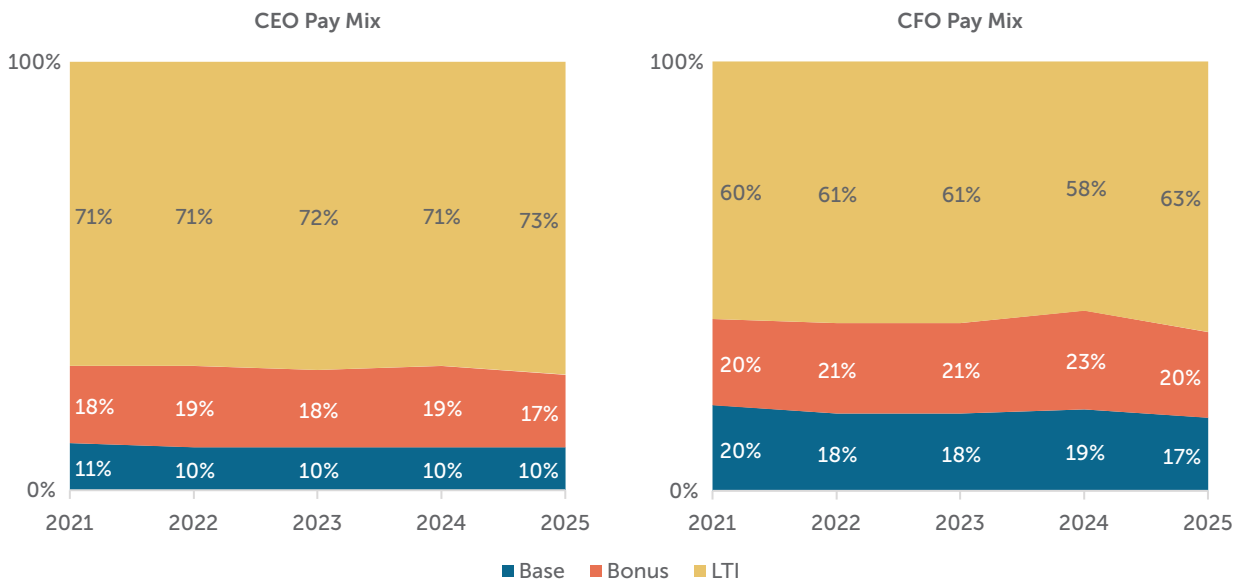
## Bonus Funding

Generally, CFO bonuses as a percentage of target have been slightly higher for CFOs than CEOs (except for 2024). The difference between the funding is less than 5% in each of the last 4 years. The funding level for each executive can fluctuate at some companies based on individual performance assessments, but most companies used the same funding level for both executives in 2025. On average, CEO bonuses have been 121% of target over the last four years and CFO bonuses have been 123% of target.



## Target Pay Mix

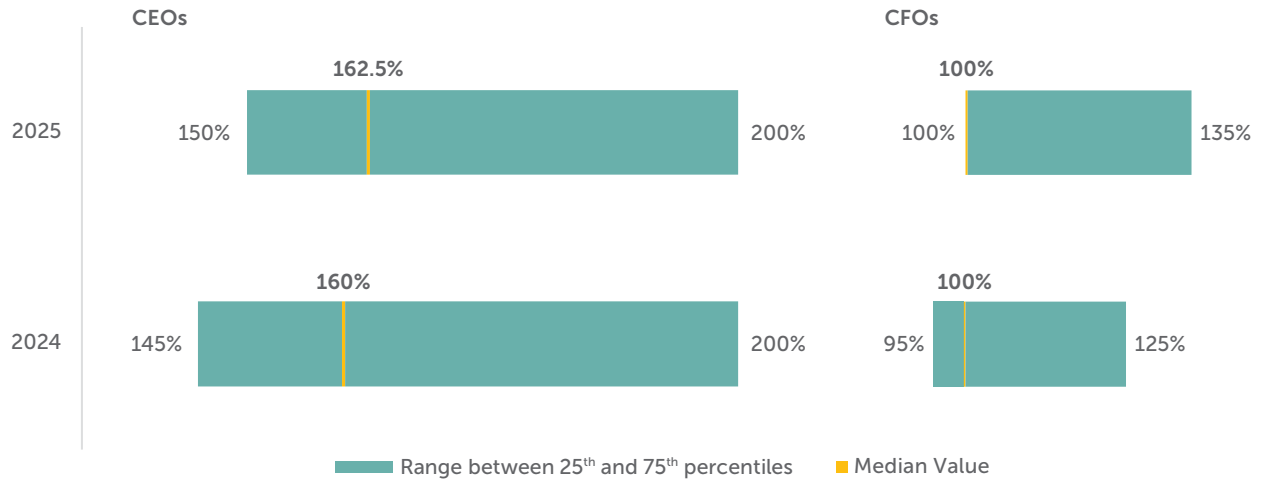
The pay program structure for CEOs and CFOs has remained largely unchanged over time. In the last five years, CEO and CFO pay has shifted more towards long-term incentives. Long-term incentives comprise 63% of total compensation for CFOs and 73% for CEOs.



## Target Bonuses

Median target bonus opportunities as a percentage of salary are 162.5% for CEOs (up from 160% of base salary last year) and 100% for CFOs. At the 25th percentile, CFO target bonuses are also 100% of base salary, up from 95% last year.

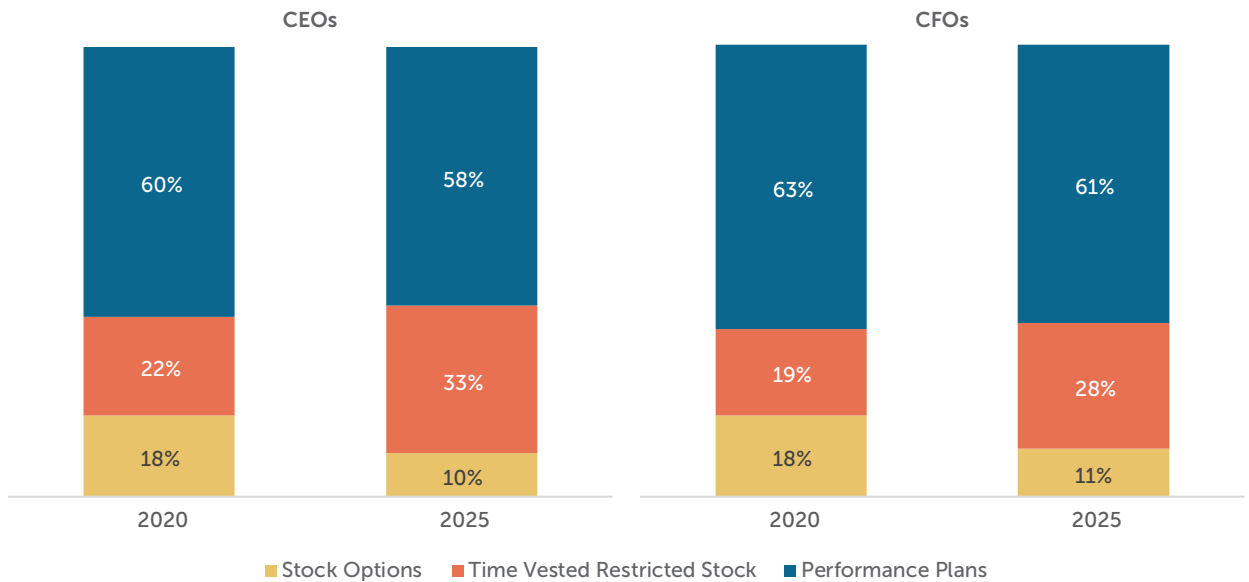
Target Bonus as a % of Base Salary



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

The majority of companies (66%) deliver LTI using two different vehicles. 23% of companies in the sample use stock options, time-based stock awards, and performance plan awards, and 11% use only one vehicle. Over time, the prevalence of companies granting three equity vehicles has fallen as companies favor full-value equity vehicles over stock options. 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 2025, 35% 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 1/3 on average. At the 25th percentile, it has been 29% of CEO compensation and at the 75th percentile, 41%.

## Conclusion

This year's study is the first time in several years that the change in CFO TDC is very close to the change in CEO TDC. Increases in pay for both positions generally aligns with performance. 2025 was a good performance year with revenue and operating profit improving 6% and 8% over 2024, showing continued alignment between pay and performance. This year, the median changes in salary and actual bonus between CFOs and CEOs were much closer than in prior studies.

The biggest increases in TDC continue to be delivered via long-term incentives, and this component comprises an ever-greater portion of TDC. This supports retention and links to long-term performance and value creation. Looking forward to 2026, we expect increases to CFO pay to take into consideration an increasingly competitive environment and performance. We also expect the continued importance of the CFO as a strategic partner, leveraging financial acumen for key operational projects, and embracing technology, including data analytics and artificial intelligence, to meet the company's goals.

## Appendix

### Sample Screening Methodology

Based on the screening criteria below, we arrived at a sample of 140 public companies with median 2025 revenue of \$15.6B.

<b>Revenue</b>	At least \$5 billion in revenue for fiscal year 2025
<b>Fiscal year-end</b>	Fiscal year-end between 8/31/2025 and 12/31/2025
<b>Proxy Statement Filing Date</b>	Proxy statement filed on or before 3/31/2026
<b>Tenure</b>	No change in CEO and CFO incumbents in the past three years



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Please contact us at (212) 921-9350 if you have any questions about the issues discussed above or would like to discuss your own executive compensation issues. You can access our website at [www.capartners.com](http://www.capartners.com) for more information on executive compensation.