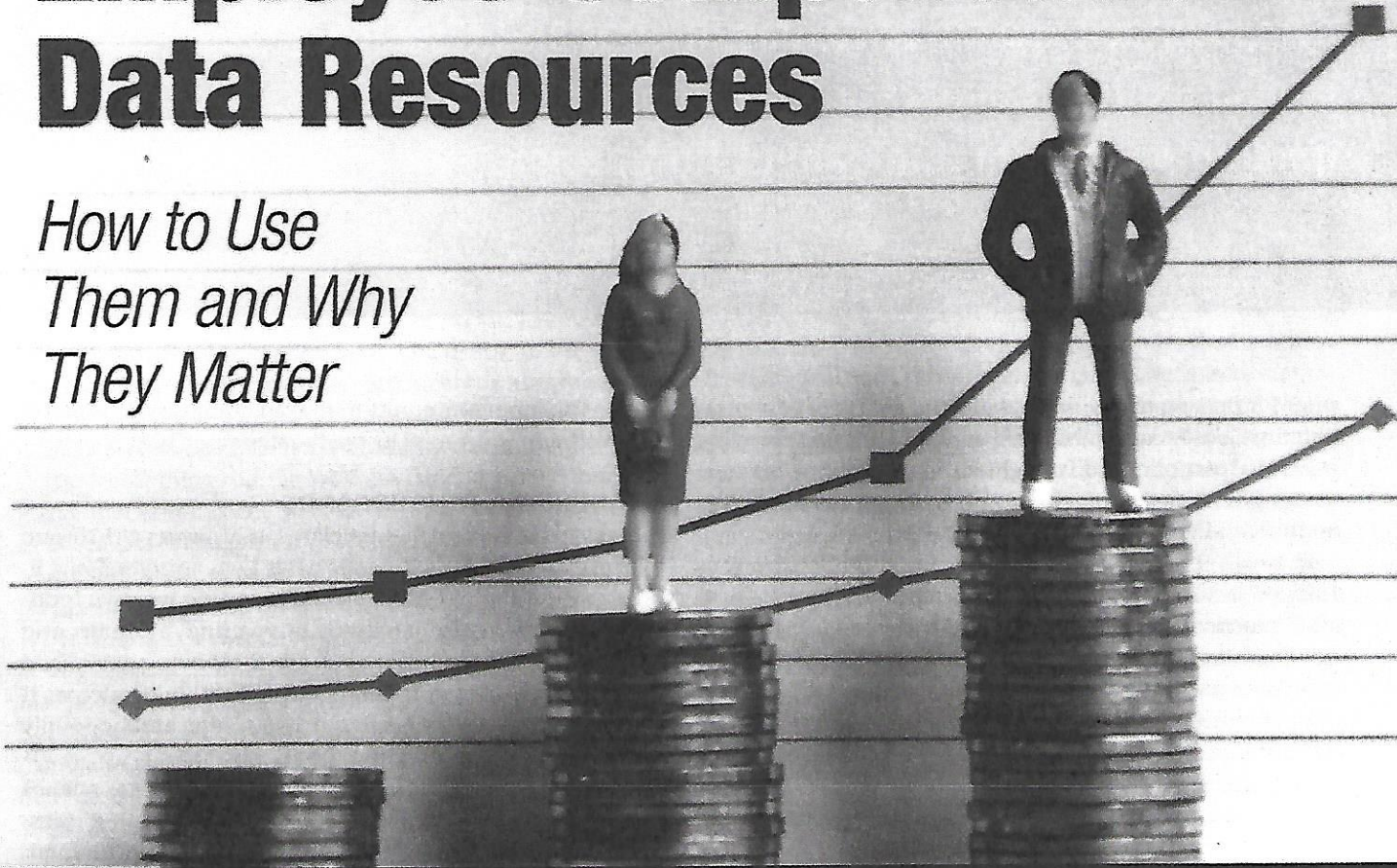


Employee Compensation Data Resources

How to Use Them and Why They Matter



By Roger Magnus

A number of free websites provide either individual U.S. employee pay data or the raw components to derive them. These include public company and investment adviser Securities and Exchange Commission (SEC) forms, a nonprofit or foundation 990 or 990-PF tax form, government employee salary data compilations, U.S. Department of Labor profiles of labor unions, and athlete and celebrity earnings websites. Of course, most individuals' pay data is not findable, such as those who are not top executives or board members working for private or public companies or nonprofits. Remember, compensation is a broad term. It could mean salary (an annual fixed amount regardless of hours worked), wages (an hourly amount paid for exact hours worked), bonuses, benefits, and stock awards. When looking at data, be sure you understand what is included as compensation.

The interest in employee compensation transcends idle curiosity about what your friends, neighbors, or favorite celebrities make. For starters, taxpayers and union members may want to know how much each of their respective government and union employees make. Job seekers may want to compare these abundant salary datasets to other resources that cover a wide swath of organizations (sometimes broken down by type), such as Salary.com, the Department of Labor, and the Census Bureau to determine what salary to expect.

For public companies, investors may want to know CEO and other public company executive and director salaries (particularly if they are high) before buying stock. Public company compensation committees can compare their executive and director pay to other companies and industry standards. Furthermore, there are researchers who study pay-rate ratios of company executives to median or average workers.

Nonprofit board members who determine executive pay need to ensure their organization is in compliance with IRS "fair and reasonable" guidelines so as not to potentially jeopardize

ardize a nonprofit's tax-exempt status (guidestar.org/View CmsFile.aspx?ContentID=3890). Prospect researchers, who help nonprofits gauge donors' giving capacity, use compensation as one marker. Finally, many business publications compile ranked lists of various compensation numbers for a local area, state, or industry for their readers.

SEC DATA FOR TOP EXECES

Public companies are required to file several forms regarding the stock transactions (forms, 3, 4, 5, and 13 series) of their insiders (top executives, board members, and large stock owners). However, data on direct compensation for top executives and board members are reported on only one: the proxy statement (DEF 14A), sent annually to all shareholders. Information available for this tiny but powerful group of people is often extensive and highly detailed.

For executives, compensation components can include salary, bonus, non-equity incentive, stock awards, option awards (sometimes), and other compensation. Directors' pay is broken down into salary, stock awards, and other compensation. Can you count all of these categories as current compensation? If an amount is in cash or convertible to cash in the present, such as salary, bonus, non-equity incentive, or stock awards, then probably yes. Conversely, if an amount is payable in the future or not translatable to cash, such as stock options or other compensation, the answer may be no. Carefully evaluate the data by reading any footnotes or appendices. With the complexities involved in determining this compensation number, a researcher may err on the side of being conservative, and the number derived may be low.

To examine the salary and stock ownership of Tim Cook, CEO of Apple, from the company's DEF 14A form on sec.gov, go to the Filings pull-down menu and select EDGAR-Search & Access. Along the left panel, click on Full Text (Past 4 Years). In the search screen, to the right of the search bar, click on the Advanced Search Bar. In Advanced Search, go to In Form Type and scroll down to DEF 14A. Then click on the radio button for Company Name; in the search box, type in Apple. Click on the latest form link (currently Jan. 3, 2020). Once inside, find the section on Executive Compensation from the Table of Contents. The Executive Summary Compensation Table shows 3 years of compensation data for five current (and one former) top executive. Again, review the footnotes below and the explanatory materials above the table.

Tim Cook made \$3 million in salary in 2019. However, most of his \$7.67 million compensation comes from the Non-Equity Incentive Plan, which, according to the detailed footnote, is predicated on the company's performance. Also noteworthy is that, while other executives may have higher total compensation, these are due to stock awards that are not immediate or guaranteed. None of them have higher salary or non-equity incentive plan compensation. Finally, Mr. Cook's salary has stayed largely flat the past 3 years while his non-equity incentive has jumped around, as has his total compensation. In addition, his biography (which is also part

of this form) mentions that he is a director for Nike. Looking at the DEF 14A Director Compensation table and footnotes from Nike's 2019 Fiscal Year, Cook earned \$150,000 in Earnings, \$175,009 in Stock Awards (unvested), and \$20,000 in Other Compensation (for charities). I believe the \$150,000 in Earnings is the only certain compensation from these data.

SEC DATA FOR INVESTMENT ADVISERS

There is a lesser-known section of the SEC site about investment advisers managing more than \$25 million in assets who must file form ADV. Their incomes, while not explicitly mentioned, can also be derived and estimated from other variables in the form. Note that there are investment advisers who work with lucrative venture capital firms, private equity firms, and hedge funds who may be required to file this form.

To demonstrate how this derivation works, let's estimate the compensation of a fictitious Mark Smith of Smith and Jones Private Equity Management located in Worcester, Mass. To find these data from the SEC.gov website (only the most recent year is available), go directly to adviserinfo.sec.gov. From there, select Individual or Firm. In this case, choose Firm, since we know where this person works, and it brings up the ADV form (Selecting Individual brings up a different form.) After inputting the firm's name, click on the entry's Get Details button. View the left panel for FORM ADV and click on the indented underneath View Form ADV by Section. Go to Part 1a, Item 5 Information About Your Advisory Business, then Section F, Regulatory Assets Under Management (AUM). In this hypothetical case, let's make it \$600 million. Note that if Discretionary matches Total, there is more latitude for management fees. Next, go to Schedule A, Direct Owners

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Sort By: Date (Latest First) Use Stemming:

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Date Filed Title

01/03/2020 DEF 14A for Apple Inc.

COMPANY NAME(s) - [Apple Inc (CIK - 320193 / SIC - 3571)]

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. 3)

Filed by the Registrant Filed by a party other than the Registrant Check the appropriate box:

Exhibits List -> | 1

The salary and stock ownership of Tim Cook, CEO of Apple, from the company's DEF 14A form searched on the SEC website

and Executive Officers, Item 7. Let's say Smith's ownership percentage under Ownership Code is a D (a range of 50%–75%). There could be several minority owners as well; that NA for some means less than 5% with no floor, which suggests ownership for some could be almost zero.

The rough formula assumes management fees comprise 1% of total AUM which equals \$6 million, and that operating costs constitute about 20%–30% of the fees at about \$1.2 million to \$1.8 million. Subtracting the second range of numbers from the first, we get \$4.2 million–\$4.8 million, and then multiply by his ownership stake of at least one-half to get conservatively \$2.1–\$2.4 million of estimated compensation. Note that this figure does not include any cut of Performance Fees, which may make compensation even higher. This is likely if Performance Fees are checked in Section 5, Subsection E.

NONPROFITS AND FOUNDATIONS

Nonprofit and private foundation compensation for top executives and board members (if paid) is listed in federal tax forms: a 990 for nonprofits or 990-PF for private foundations. Currently, the IRS requires nonprofits with gross receipts of more than \$200,000 or total assets of more than \$500,000 to file the full form (irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in). (Smaller nonprofits may file briefer versions of this form that could contain only part or none of the salary data.) Unlike SEC compensation forms, availability of these filings may be a year or more behind, and there are no explanations or footnotes. Compensation data are found in two places:

- Part VII (Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors)
- Schedule J, Part II (Compensation) provides more detail than Part VII for up to five employees making more than \$150,000 in total compensation (irs.gov/pub/irs-pdf/i990sj.pdf).

For Part VII, there are three columns D (Reportable Compensation from the Organization), E (Reported Compensation from Related Organizations), and F (Other Compensation from the Organization and Related Organizations). Certain former employer classifications where the employee made more than \$100,000 also have to be listed in the current report. For Schedule J, there are four columns (B through D and F). B involves W2 or 1099 compensation and has three sub-components: Base, Bonus or Incentive, and Other reportable. C is Retirement and Other Deferred, D is Nontaxable Benefits, and F is Compensation in Column (B) Reported as Deferred on Prior 990.

As an example, let's look at the Community Foundation of Western Massachusetts in

Springfield, Mass. There are several free places to search, including 990 Finder from Candid (candid.org/research-and-verify-nonprofits/990-finder) and the Tax Exempt Organization Search from the IRS (irs.gov/charities-non-profits/tax-exempt-organization-search). Reviewing the organization's 2016 Form 990, there are three pages of compensation information under Part VII. The first 2 1/2 pages are for volunteer trustees, as they still need to be listed for the IRS. There are three salaried employees listed at the end who are categorized as Officers or Highest Compensated Employee (Column C). All three have W2 reportable compensation from the organization of more than \$113,000 and other compensation in the range of 10%–20% of their total compensation. None has reportable compensation from other organizations. In Schedule J, part II, only the president has her pay broken down in more detail; her reportable compensation is only Base compensation, and other compensation is split between Retirement and Nontaxable Benefits. Finally, her total compensation (unlike Part VII) is summed and displayed at \$206,411.

LABOR UNIONS

Labor unions annually file LM forms with the U.S. Department of Labor. They and their officers/employees can be searched from the Department's Office of Labor Management Standards—Online Public Disclosure Room (dol.gov/olms/regs/compliance/rrlo/lmrda.htm). Either way brings up a spreadsheet format that can be further filtered and sorted by keyword or pull-down menu.

- Clicking on Union Search automatically brings up a spreadsheet with columns for Union Name, City, State, Report, and certain financials.
- Clicking on Officer/Employee Search enables searching by Last Name, First Name, Union Name, Year Covered by Report, and Size of Payment. From

Executive Compensation Tables

Summary Compensation Table – 2019, 2018, and 2017

The following table, footnotes, and related narrative show information regarding the total compensation of each named executive officer for 2019, 2018, and 2017, except in the case of Ms. Adams and Mr. Williams who were not named executive officers in 2017, and Ms. O'Brien who was not a named executive officer in 2018 or 2017.

Name and Principal Position (a)	Year (b)	Salary(1) (\$)(c)	Bonus (\$)(d)	Stock Awards(2) (\$)(e)	Non-Equity Incentive Plan Compensation(3) (\$)(f)	All Other Compensation (\$)(g)	Total (\$)(h)
Tim Cook Chief Executive Officer	2019	3,000,000	—	—	7,671,000	884,468(4)	11,555,468
	2018	3,000,000	—	—	12,000,000	682,219	15,682,219
	2017	3,057,692	—	—	9,327,000	440,374	12,825,066
Luca Maestri Senior Vice President, Chief Financial Officer	2019	1,000,000	—	21,633,416	2,557,000	19,221(5)	25,209,637
	2018	1,000,000	—	21,491,888	4,000,000	17,804	26,509,692
	2017	1,019,231	—	20,060,113	3,109,000	13,271	24,141,615
Kate Adams Senior Vice President, General Counsel and Secretary	2019	1,000,000	—	21,633,416	2,557,000	41,384(6)	25,231,800
	2018	884,615	—	21,509,765	4,000,000	306,200	26,700,680
Deirdre O'Brien Senior Vice President, Retail + People	2019	877,500	—	16,469,527	1,795,000	17,753(7)	19,159,780
Jeff Williams Chief Operating Officer	2019	1,000,000	—	21,633,416	2,557,000	17,503(8)	25,207,919
	2018	1,000,000	—	21,491,888	4,000,000	51,818	26,543,706
Angela Ahrendts Former Senior Vice President, Retail	2019	630,351	—	21,633,416	—	14,465(9)	22,278,242
	2018	1,000,000	—	21,491,888	4,000,000	46,942	26,538,830
	2017	1,019,231	—	20,060,113	3,109,000	87,728	24,216,072

The DEF 14A Director Compensation table for Apple, Inc.

there, a spreadsheet provides columns by Name, Report, Title, etc.

Compensation data from report LM2 are available in Schedule 11 (officers) and Schedule 12 (employees) and report LM3 in Schedule 24 (officers). LM2 reports display Gross Salary, Allowances, Disbursements for Official Business, and Other, while LM3 only shows Gross Salary and Allowances and Other Disbursements. For example, search on Christopher Shelton, president of the Communication Workers of America. In the union's 2019 LM2 form, he made a total of \$217,436 (\$211,266 was Gross Salary). There is also a lengthy list of the union's other officers and employees with their pay broken down.

GOVERNMENT EMPLOYEES

Compensation for federal employees and employees in many states and localities is publicly available. For federal agency employees, there are sites, including FederalPay.org and FedSmith.com, that take raw data from the Office of Personnel Management, General Services Administration, the U.S. Postal Service, and others and make them searchable. To search FederalPay.org, find the pull-down menu for Employees and then Federal Employee Lookup. From there, scroll down the page for the Employee Lookup Tool, where one can search by Last Name, First Name, Agency, State, and data back 15 years from 2018. A search on Anthony Fauci (search last name first) from the National Institutes of Health shows his Base Salary (\$384,625) and Bonus (\$0) and a source note for Data Sources. Clicking on his title of Medical Officer generates an average pay figure and other summary data. (Under the Employees menu, there are several options, including Most Common Federal Jobs, to get similar information.)

To search FedSmith.com's FedsDataCenter (fedsdatacenter.com), select Federal Employees or Postal Service Employees. For Federal Employees, search features are similar, with data back 4 years from FY 2018, and a useful Occupation Search. Surprisingly, the Base Salary for Fauci is higher (\$399,625), and perhaps is more updated, than FederalPay.org. For pay of the President, Vice President, Congress, and Supreme Court Justices in one place, go to the National Taxpayers Union Foundation (ntu.org/foundation/tax-page/salaries-for-members-of-congress-supreme-court-justices-and-the-president).

State and local employee pay availability varies. Connecticut provides data directly (transparency.ct.gov/html/search/Payroll.asp for data prior to July 2019; openpayroll.ct.gov/#!/year/2019 for current data). In Massachusetts, the data are compiled by a news outlet (which could restrict its usage particularly for previous years' data) and includes Base, Overtime, Buyout, Other, and Annual Rate. For all states' top officials' pay, Ballotpedia is a good source (ballotpedia.org/List_of_state_employee_salaries).

CELEBRITIES

Finding compensation usually involves searching for a famous person or a particular type of celebrity. It is important to

The screenshot shows the OCLM website interface. At the top, it says "OFFICE OF LABOR MANAGEMENT AND STANDARDS - OCLM UNION REPORTS AND CONSTITUTIONS AND BYLAWS". Below that, there are navigation links like "Home", "OCLM", "Online Public Disclosure Room", and "OPCR". There are also search options for "Union Search", "Player/Physic Search", "Officer/Employee Search", and "Yearly Data Download". A search bar is present with the text "Where's my report (numbers only)?" and a "Search" button. Below the search bar, there is a table of labor organization records. The table has columns for "File #", "Latest Report", "Latest Report Rec.", "Abbr", "Union Name", and "Designation Name". The table contains several rows of data, including "025-955", "008-953", "645-429", and "828-008".

Clicking on Union Search automatically brings up a spreadsheet with columns for Union Name, City, State, Report, and certain financials.

distinguish between earnings and net worth (wealth marker). For instance, Spotrac (spotrac.com) is useful for finding professional athlete compensation in most major sports. Use the search box at the top of the homepage to search for a Player or Team. Searching on Boston Red Sox right fielder Mookie Betts, I learn his current contract is for 1 year and \$27 million, all Base Salary (no Signing Bonus or Adjusted Salary).

Forbes publishes many celebrity money-making lists (forbes.com/lists/list-directory/#7133795bb274) from entertainers to athletes, although you should note the difference between Highest Paid and Wealthiest in the list titles (i.e., America's Highest Paid Actresses versus America's Wealthiest Celebrities).

SHOW ME THE MONEY

It is fascinating to note not only the sheer variety of American workers who have to report their compensation publicly to various government regulators or taxpayers, but also the many different ways their pay can be categorized, computed, derived, and ultimately defined. There are questions such as these: Are bonus and incentive the same thing for public company and nonprofit executives (combined for the latter)? When are stock awards counted as current pay for public company insiders? Why is retirement only mentioned for nonprofit top wage earners yet other groups such as government employees have generous retirement benefit? How does other compensation differ for each group?

In addition, some of these categories are either not explained at all or are so complex, they require extensive footnotes. For these reasons, and despite appearances to the contrary, the exact amount of compensation is often at best estimated and, particularly for groups with fewer pay categories, may actually be underreported. Yet, even with these inconsistencies and imperfections, these data are still useful in so many ways.

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Comments? Email the editor-in-chief (marydee@xmission.com).*