Newsletter June 2016

As Australian companies head into another shareholder voting season, Egan Associates examines remuneration report voting trends for top companies. We also discuss potential inequalities in the proposed superannuation reforms and outline selected ramifications arising from the changes.

|  |  |
| --- | --- |
| [http://www.eganassociates.com.au/wp-content/uploads/2014/10/Red_tape.png](#Article1) | [**The Future of Superannuation Entitlements – A Universal Equality of Treatment**](#Article1) If the government is not in a position to legislate to ensure equality of superannuation treatment of every constituent, it should not set about changing the arrangements of retirees who have been planning and provisioning over a period of up to 50 years in the workforce. |
| [http://www.eganassociates.com.au/wp-content/uploads/2014/10/remuneration-report-votes-OP.png](#Article2) | **[2015 Remuneration Votes Dissected](#Article2)** Egan Associates analyses votes against the remuneration report at 2015 Annual General Meetings across the ASX top 500 companies by market capitalisation to examine any trends. |
| [http://www.eganassociates.com.au/wp-content/uploads/2014/10/Infographic-32-e1413856956642.png](#Article3) | [**Super Changes - Ramification Round-up**](#Article3) The depth of the government’s proposed super changes has left some aspiring and current retirees reeling. Egan Associates summarises some of the expert opinions and questions raised this month. |
| [http://www.eganassociates.com.au/wp-content/uploads/2014/10/copies.png](#Article5) | [**The Agenda**](#Article5) ‘The Agenda’ highlights current issues or matters that may be under review by the government or Boards. |

#### **Future of** [[**Superannuation Entitlements – A Universal Equality of Treatment**](#Article1)](#First)

Just as the nation strives for gender equality, it should seek equality of benefit outcomes under proposed changes to superannuation.  **Whatever superannuation policy the government ultimately chooses to implement it should treat all superannuants equally, no matter their accumulations, age, current or post employer and employment history.**

[](http://eganassociates.com.au/superannuation-apple/)Although the government appears committed to increase the fairness of the system with its proposed legislative amendments (such as proposing catch up contributions, allowing self-employed workers to claim tax deductions for super contributions  and introducing the superannuation tax offset for low income workers) there are still potential inequalities in the proposed changes.

Some areas of potential unfairness that have received focus in the media recently include the difficulty of a 50-year-old reaching $1.6 million in superannuation given the $500,000 non-concessional cap if they have focussed on family costs and mortgage and not superannuation to this point, as well as the sudden change in the transition to retirement arrangements.

Another area where there are potential inequalities remaining (despite efforts to introduce fairness) would be recipients of defined benefit pensions, on which we  focus this article.

A proportion of Australians currently retired or planning to retire would have joined the workforce during an era when a defined benefit superannuation plan was common, although such plans have since mainly been phased out, with entitlements grandfathered.

We understand the government are attempting to ensure superannuation taxation for all schemes both in the public and private sectors will be equivalent and there will be equality of treatment in relation to retirees or those planning for retirement.

For example, it announced that from 1 July 2017 it would include notional and actual employer contributions in the concessional contributions cap for members of unfunded defined benefit schemes and constitutionally protected funds. Previously, members of these schemes could receive their annual entitlement to the defined benefit pension but also sacrifice salary and invest in a conventional accumulation fund, which could be considered “double dipping”. The proposed change will bring the treatment of these individuals in line with those working in the private sector.

The government reportedly [estimates](http://www.theaustralian.com.au/budget-2016/budget-2016-judges-retired-pollies-academics-facing-tax-increases/news-story/934ca99e07bd4a7c12af01f2f04bdae0) about 150 retired politicians, 170 ex-federal judges and about 1000 retired public servants will be affected initially, with workers in defined benefit superannuation funds earning about $150,000 a year no longer able to avail themselves of the annual salary-sacrifice cap for any complementary accumulation accounts they might have.

The government also stated that it had decided to ensure equivalence to the $1.6 million tax free super cap by legislating for 50% of defined benefit payments over $100,000 from unfunded schemes to be taxed at the individuals’ marginal rate.  For funded schemes, the 10% of the defined benefit that is tax free will be capped at $10,000.

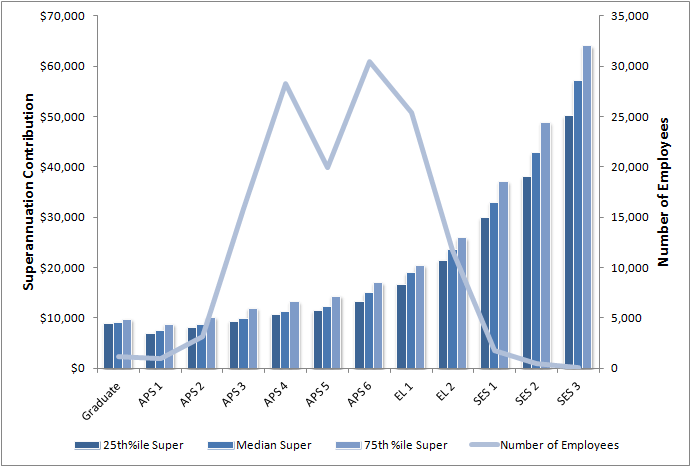
The $250,000 threshold above which Division 93 tax is levied would also apply to defined benefit scheme members, as would the $500,000 lifetime non-concessional cap.

However, there are still elements of difference between the treatment of super funds of most Australians and those with defined benefit funds.

For example, individuals classed as state higher level office holders who have super contributions made on their behalf into a constitutionally protected fund are exempt from the 15% higher tax on their superannuation even if they earn over $250,000. This includes state ministers and their staff, state governors and their staff, state MPs and heads of Department, judges, justices or magistrates of state courts. The same applies to justices of the High Court or a Court created by parliament.

Certain individuals who were members of a defined benefit fund in 2009 also have special arrangements that ensure they cannot exceed their concessional cap, even if their notional contributions exceed the $25,000, grandfathering previous arrangements. These members will not have to use their non concessional caps for the overflow of concessional caps.

As can be seen in the table below, using data from the Public Sector Remuneration Report, in some cases the benefit of such an arrangement may be considerable for senior executive employees. Approximately 90% of these executives are part of defined benefit schemes.



For those without grandfathered benefits, additional contributions become non-concessional contributions. If the $500,000 cap has been exceeded in a defined benefit account, employees can remove equivalent amounts from an accumulation account to rectify breaching the cap.

Another element of the superannuation proposals that could cause inequality is that the basis for asserting the equivalence of the $1.6 million cap and the taxation of defined benefit payments over $100,000 is unclear. Ian Hosking, financial adviser with Fiducian Financial Services told the Australian that this was one of the most worrying aspects of the budget night announcements.

Echoing this concern, former Professor of Econometrics at the UNSW Ron Bewley (himself a defined benefit pension recipient) [completed an analysis](http://www.professionalplanner.com.au/wp-content/uploads/2016/06/160602_Dr_Ron_Bewley_What_price_a_pollies_-pension.pdf) of the expected income from $1.6 million tax free in super and a $100,000 a year tax free defined benefit and found that there was “serious doubt that there is any reasonable comparability”.

He highlights that for indexed defined benefit pensions, not only does the government foot the bill for the longevity risk, but the inflation risk as well, which can be expensive to insure against. A superannuation member incurs these risks themselves as well as market risk. He also notes that after the death of the defined benefit recipient, younger spouses can receive a reduced pension for the rest of their life.

Bewley disputed the government’s statement in the budget papers that a “balance of $1.6 million could support an income stream in retirement of around four times the level of the single Age Pension”. He examined this level of drawdown and found that the median life of the fund was likely to be around 20 years, there was a 10% chance that funds would be exhausted after only 16 years, and a 1% chance that they would be exhausted after only 14 years.

“I disagree in the strongest terms that a $1.6 million super fund is in any way equivalent to a pension of four times the Aged Pension. Obviously, drawing down, the defined-benefits assumption of $100,000 per annum would run out quicker than the lesser $90,884 pa – and that does not even allow for the possibility of a surviving spouse!”

Bewley’s next paper will reportedly show that capital of $3 million or more is required to receive a $100,000 per annum income stream. The Australian Shareholders Association notes that with current pricing, [purchasing an annuity with the $1.6 million secures an income of $60,000](https://www.australianshareholders.com.au/news/super-tax-changes-still-hot-election-issue).

**If the government is not in a position to legislate to ensure equality of treatment of every constituent, it would be our assessment that until it is in such a position it should not set about changing the arrangements of retirees who have been planning and provisioning in many cases over a period of up to 50 years in the workforce.**

We acknowledge the difficulty, however, of achieving equality. Government-employed defined benefit recipients may have sacrificed future reward arrangements in the private sector to join the public service with the expectation that they will receive a defined retirement allowance. In the cases of judges, by way of example, they may have left a successful law practice. Others may well have made significant personal sacrifices to build adequate resources within a retirement fund to equally provide benefits which would enable them to be comfortable in retirement.

The government’s commitment to the universality of treatment arising from the superannuation changes is unclear. One example of a potential complication is the case of justices of the high court, who cannot have their remuneration reduced during their period in office – the reason why they are exempt from Division 293 tax.

The recent changes to the inclusion of funded defined benefits payments as income for the calculation of pension entitlements have demonstrated how irate members can become if previous arrangements alter. The protest has been particularly heated given some defined benefit schemes, including those for the military, are exempted. A sign that those affected by the superannuation changes may be similarly vocal has come this month as it surfaces that a Melbourne QC has started a lobby group to protest the government’s proposals.

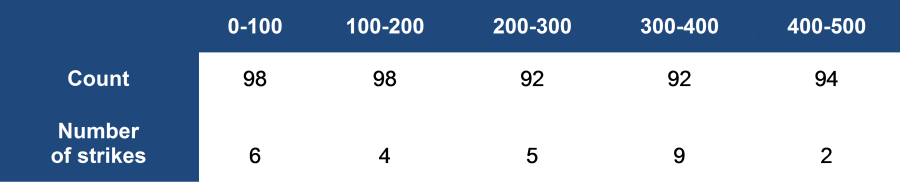
Egan Associates acknowledges that government need the resources to meet their varied obligations but equally are of the view that any policy change should lead to equivalent fairness of treatment and impost on every citizen who has planned for retirement and made sacrifices of varying proportions to secure an income beyond their employed years.

[**Back to Title Page**](#Title)

#### **2015 Remuneration Votes Dissected**

Egan Associates has analysed votes against the remuneration report at 2015 Annual General Meetings across the top 500 ASX companies by market capitalisation to examine any trends.

The number of company shareholders who [voted against the remuneration report](http://eganassociates.com.au/overview-of-the-2015-agm-season/) is displayed in the table below, split into groups of 100 based on rank:



Where the proportion of votes cast on a poll was reported, they were used to determine whether a strike had occurred. Otherwise proxy voting figures were used. This may lead to a strike being reported in this data where the company did not officially record a strike due to passing the remuneration report on a show of hands. In addition, the number of companies in each group varies based on the availability of information on votes.  Some companies have just listed and did not hold an AGM for the 2015 year, while others were not required to submit a remuneration report or did not provide numbers after the vote.

Among the top 300 companies, there was an approximately homogeneous number of strikes over the three company rank bands, although the top 100 companies received a slightly higher number of protest votes than the next two hundred. This potentially shows a greater inclination of investors to express opinions on remuneration. There was divergence in the 300-400 and 400-500 bands, with the former recording more strikes and the latter recording fewer.

The result for the ASX 300-400 could be due to these companies employing remuneration practices and corporate governance reflective of a small company while shareholders believe they have reached sufficient scale to implement practices matching those of the top 300 companies. Alternatively, given companies in the 300-400 group are likely to have different shareholder composition to those in the top 300 companies, it could also represent large shareholders attempting to influence the Board’s strategy or membership.

In the 400-500 group, the smaller scale of the organisations would appear to shield them against shareholder interest in remuneration votes. The level of remuneration in companies of this size is also well below that of the top 300 companies.

In general, the median adverse remuneration report vote is very low, with protests against the remuneration report remaining the exception rather than the rule.

[**Back to Title Page**](#Title)

#### **[Super Changes - Ramification Round-up](#Article3)**

The depth of the government’s proposed super changes has left some aspiring and current retirees reeling. Egan Associates summarises some of the expert opinions and questions raised this month.

**[](http://eganassociates.com.au/growing-superannuation/)$25,000 annual cap for concessional contributions**

* Combined with the $500,000 lifetime non-concessional cap, the new rules will drive individuals to start contributing early if they want to reach the $1.6 million tax free cap.
* With the reduced annual concessional cap, those at the maximum contribution base will have limited scope to make additional concessional contributions.
* Some employees may decide that paying insurance premiums in superannuation is no longer worth it given the new limits to contributions.
* It may be advisable to even out balances between spouses’ super accounts to properly make use of the $1.6 million cap by splitting concessional contributions.
* High income earners who became members of defined benefit funds after 2009 will face higher tax burdens on their contributions now that a larger number will be including notional contributions to defined benefit funds in their concessional cap. The change will also limit their ability to salary sacrifice contributions to an accumulation fund.

**$500,000 lifetime cap to non-concessional contributions**

* The new legislation makes it even more important to build a superannuation balance as early as possible. A $500,000 non-concessional contribution will be more beneficial made earlier than later due to compounding and reduced taxation rates.
* Employees must be aware of their non-concessional situation before making new contributions as employers may not know how much has been contributed since 2007.
* It is unclear what will happen to individuals who have already triggered the bring-forward rule but not fully utilised their cap.
* It is possible that small business rollover relief will not be affected by the changes. The relief allows capital proceeds from the sale of an active business asset to be contributed to super without counting to concessional or non-concessional caps (to a cap of $1.395 million.)
* Where most of a couple’s superannuation savings are in one spouse’s name the $500,000 lifetime non-concessional cap will restrict a couple’s ability to equalise their benefits to take full advantage of the transfer balance cap.
* Those seeking to use recontribution strategies for estate planning purposes will have to reconsider given recontributions will count towards the $500,000 non-concessional cap.
* It is unclear how a death benefit from insurance will be treated under the operation of the new $500,000 non concessional cap.
* Kelly O’Dwyer, the Minister for Small Business, has reportedly stated that SMSF trustees who have entered limited recourse borrowing arrangements or loans for property and were relying on non concessional contributions to eliminate a loan balance prior to retirement will [receive special consideration](http://www.afr.com/personal-finance/superannuation-and-smsfs/kelly-odwyer-flags-carveout-on-new-500000-super-cap-20160603-gpalcv) under the pending legislation that would allow them to settle the debt despite breaches of the cap.
* The cap may be another disincentive for older Australians to downsize, as they will not be able to put the proceeds into superannuation after they have exhausted their $500,000 cap.
* Non-concessional contributions to defined benefit schemes will count towards the $500,000 lifetime cap. To deal with the fact that federal public service super schemes involve the employee making post tax contributions of between 5% and 10% without choice, these members will be able to remove the same amount from any external accumulation scheme to make up for it. Defined benefit fund members with second private super funds may face a problem if they wish to contribute additional after-tax money to their second fund.

**$1.6 million cap**

There are two perspectives on the cap. Firstly, that a 15% tax rate is still a low tax rate for many retirees and the best action is to keep money in super. The second perspective is that 15% tax is 15% more than 0% — therefore other tax reduction methods (such as negative gearing) will be preferable to reduce tax as far as possible.

* Exactly when and how the value of assets in the retirement account will be assessed is unclear. Given market movements, it will be difficult to place an exact value on assets. KPMG reportedly believes the [government should allow a “trueing up” of the amount](http://www.investordaily.com.au/superannuation/39468-super-cap-administratively-clumsy-kpmg) after valuation date to ensure the $1.6 million has actually been achieved.
* If only a portion of the $1.6 million cap is used, the amount of the cap that is still available will be calculated using apportionment. Rice Warner uses this [example](http://ricewarner.com/wp-content/uploads/2016/05/RW-Budget-NEWSLETTER-2016.pdf) to explain: “If a member has $800,000 in their pension account at 1 July 2016, this is 50% of the pension cap. If the cap is increased by indexation to $1.7m through indexation, they will be entitled to transfer 50% of this amount, namely $850,000 from future accumulation benefits.”
* Retirees should think carefully about which assets they place into the $1.6 million untaxed portion and which are moved to the accumulation account. Growth assets, such as shares and high-yield property could be placed inside the $1.6 million portion, while cash can be placed in the accumulation account in an attempt to minimise tax. (Although in volatile markets this could lead to the $1.6 million pool reducing if investment errors are made.) Alternatively, shares with franking credits could be moved to the accumulation account to reduce the tax paid. Assets with unrealised capital losses could be valuable to reduce tax in the accumulation mode, although it is currently unclear how capital gains and losses will be treated when assets are split into retirement and accumulation portions.
* Some retirees may decide to dispose of assets before they transfer assets into an accumulation fund to allow any capital gains to enjoy the current 0% tax rate on all assets.
* It appears that it will not be necessary to withdraw minimum amounts from the fund that is in accumulation mode. It is unclear whether a pension can be paid from the accumulation account rather than the pension account.
* It may be prudent to use a trust to divide income between members of a super fund to maximise the effect of the tax free threshold.
* Given that each individual has a $1.6 million cap, the new rules may lead to more couples conducting joint planning for retirement, which could have positive effects on the quantum of women’s superannuation.
* Taxation treatment on death is unclear. The changes could result in considerably more taxation at death where the remaining spouse has already reached their cap of $1.6 million.
* The effect of gradual contributions into deferred annuity products on the $1.6 million is unclear.
* The removal of the work test will enable individuals to continue to top up their superannuation even after retirement in the case of, for example, downsizing the family home.

**Transition to retirement income streams**

Again, there are two perspectives on the transition to retirement income stream changes. First, that the existing rule often wasn’t being used for its original purpose – allowing individuals to reduce their workload yet maintain their standard of living. Those who were using it for this purpose would still use it despite the extra 15% in tax and therefore tightening was justified. Second, that however it was being used, it was enabling a large number of employees on average incomes to increase their superannuation balances and it should therefore remain unchanged.

* The logistics of how super accounts transition from transition to retirement to full retirement are unclear at this point. It was not important previously, because the scheme had the same tax rate for transition to retirement as in pension mode.
* It is also uncertain what occurs if an individual decides to go back to work.

Note: If the Coalition loses the election, the proposals will not be enacted. If they do win the election, legislation has not yet been published and the Coalition government have promised consultation and tweaks, so there may be changes on how elements in the plan announced will operate.

[**Back to Title Page**](#Title)

#### **The Agenda**

**Minimum wage review 2015-16 decision**

On 31 May 2016 the Fair Work Commission (FWC) lifted the minimum wage by 2.4% from $656.90 a week ($17.29 an hour), to $672.70 a week ($17.70 an hour).

In[its decision](https://www.fwc.gov.au/awards-and-agreements/minimum-wages-conditions/annual-wage-reviews/annual-wage-review-2015-16-14), which will take effect from the first full pay period on or after 1 July 2016, the FWC Expert Panel states that “the general economic climate is robust, with some continued improvement in productivity and historically low levels of inflation and wages growth.”

The Panel notes that the economy has grown close to trend, improving over the second half of 2015. Real GDP grew by 3% over the year to the December quarter 2015, compared to 2.2% over the year to the December quarter 2014. The headline consumer price index (CPI) rose by 1.3% over the twelve months to the March quarter 2016. The Panel also references stronger labour market conditions and an increase in labour productivity growth, as well as a fall in the unemployment rate from 6.1% in April 2015 to 5.7% in April 2016.

The Australian Council of Trade Unions (ACTU), which had pushed for an additional $30 per week, welcomed the increase but was “disappointed in the missed opportunity to truly narrow the gap between the minimum wage and average earnings”.

“If you take into account the inflation rate it delivers a real wage increase of just over 1 per cent”, said ACTU secretary David Oliver.

In contrast, the Australian Industry Group believes the increase is out of step with record low wage outcomes very low inflation. Chief executive Innes Willox said the increase will “put upwards pressure on wages … [and] will be a significant impost on businesses at a time when the economic and business environment is difficult, risky and uncertain”.  The Australian Industry Group had sought an increase of $10.50 per week.

Australian Chamber of Commerce and Industry CEO James Pearson warned that the extra costs would discourage many small businesses from hiring extra staff. He also pointed out that newly released Australian Bureau of Statistics (ABS) figures show that profits are down, and that inflation (1.3%) and growth in private sector wages (1.9%) are both below the increase in the minimum wage.

**The facts about wages growth**

The ABC’s Fact Check division has written an interesting article looking into [whether wages growth really is the lowest since records began](http://www.abc.net.au/news/2016-06-17/fact-check-is-wage-growth-lowest-on-record/7505512) as claimed by Labor during the election campaign. The organisation spoke to experts, coming to the following conclusions.

Growth is at its lowest level since the collection of Wage Price Index data began in 1997. Male Average Weekly Earnings (AWE) data has been reported for longer, reaching back to the Second World War. Examining this data, the only time AWE was as low as that recorded in 2014-2015 was at the end of the war.

While the Wage Price Index measures changes in wages and salaries where the quality and quantity of labour are kept constant, AWE measures the current value of the average wage, which will change as hours worked rise and fall.

Longer wage series published by academics reveal that there were wage reductions at the end of the 19th century and in the interwar period due to economic slumps.

Yet, workers may be more interested in real wages growth factoring in inflation. In terms of the Wage Price Index, real growth was lower in the financial crisis. Considering AWE, real wages growth has been lower on a number of occasions, including during the Second World War, at the end of the seventies and in the mid eighties.

**Improvement in Australia’s global competitiveness**

Australia has moved up in global competitiveness, according to the [IMD World Competitiveness Yearbook 2016](http://www.imd.org/uupload/imd.website/wcc/scoreboard.pdf), which compares and ranks countries based on more than 340 business competitiveness criteria. The findings are published annually by the IMD World Competitiveness Center, a research group within the IMD business school.

Australia has changed its rank from 18th to 17th out of 61 economies on the competitiveness scoreboard, below New Zealand (16th) and above the United Kingdom (18th). The shift is due to improvement in factors such as labour regulations, government decision-making and fuel prices.

The Committee for Economic Development of Australia (CEDA) CEO Professor Stephen Martin said of note was Australia moving from being ranked 27th to 12th on economic resilience.

“The mining boom is over, but the slack is being picked up by other sectors, so while our economy is not growing as fast as in the previous decade, we are still growing”, he said.

However, competitiveness has also declined in some areas; notably, information technology skills dropped from 27th to 36th place.

Hong Kong was at the top of the list this year, followed by Switzerland and the United States, which is down from first place in 2015. Professor Arturo Bris, Director of the IMD World Competitiveness Center, said a consistent commitment to a favourable business environment was central to Hong Kong’s rise. The country is a leader in banking and finance, and its competitive tax regime encourages innovation.

**US CEO pay trends**

Two studies were recently published by US remuneration specialist Equilar on trends in US CEO pay, the first examining the 200 highest paid US CEOs ([Equilar 200](http://www.equilar.com/reports/38-new-york-times-200-highest-paid-ceos-2016.html" \t "_blank)) and the second [examining S&P 500 CEOs](http://www.equilar.com/reports/37-associated-press-pay-study-2016.html). The studies caused confusion in the media, because despite coming from the same source, they appeared to report different results.

The first stated that average CEO pay declined by 15% in 2015, while the second found that median pay had increased by 4.5%. This contradiction is not unusual as not only is the constituent group different for the two studies, but one looks at average and the other at median. Upon closer examination the first study revealed a 5% median increase, bringing the results closer together.

Indeed, a [New York Times article](http://www.equilar.com/reports/38-new-york-times-200-highest-paid-ceos-2016.html) argued that the decline in average top CEO pay is not a trend. It suggested that lower average pay was primarily due to last year’s weak share market, which pulled down the value of certain executive pay packages. (The average remuneration package was 69% equity.)

For the first time since 2013, no CEO in the Equilar 200 was awarded more than US$100 million. The highest earning executive was Dara Khosrowshahi of Expedia at US$94.6 million.

Unsurprisingly, some of the highest pay packages were earned in special circumstances. In Mr Khosrowshahi’s case, the 881% increase in his total pay was chiefly due to a new stock option grant. Another standout was Frank Bisignano of First Data, who was the sixth highest paid at US$51.6 million (a 454% increase from 2014) due to IPO retention awards.

In the S&P 500 study, Equilar found that companies were increasingly tying awards to performance and shareholder returns. Around a quarter of CEO awards in the S&P 500 use total shareholder return (TSR) as one of their performance hurdles, which is double the percentage from three years earlier.

An [Associated Press article](http://hosted2.ap.org/OHCOL/8ef5320729ce4298abefc1903704c7d5/Article_2016-05-25-US--CEO%20PAY/id-f10fe67613344034b37a0dd20fa963c6) on the study points out that the  dependence of remuneration on shareholder return is one reason why the increase in median CEO pay was the second slowest in the past five years (up from 0.8% in 2014, but well below 8.8% in 2013**). Of the sample, the median company achieved a total shareholder return of zero in the latest fiscal year.**

**Out of a total of 341 executives in the study, only 17 were female. Yet females were top earners:**median female pay reached $18.0 million compared with a median of $10.5 million for the 324 males.

**Linkedin releases report on recruiting trends**

A Linkedin [report on recruiting trends](https://business.linkedin.com/en-au/talent-solutions/resources/job-trends/2016/australia-recruiting-trends) across Australia and New Zealand has revealed that the gap between hiring volume and budget is widening, and is likely to continue to do so.

In 2015, hiring volumes increased by 54%, however hiring budgets only increased by 34%.This imbalance is an impediment to overcoming the biggest obstacle to attracting top talent, which 53% of participants agreed was finding candidates in high demand talent pools.

In addition, only 19% of Australian and New Zealand organisations felt they measured quality of hire effectively. This is well below the global average of 33%. Indian and SE Asian organisations were more confident at 54% and 39% respectively.

[**Back to Title Page**](#Title)

#### **About us**

For more than 25 years, Egan Associates has advised leading organisations and emerging enterprises in Australia and New Zealand on the remuneration of Board Directors, executives and key staff members, as well as performance management, corporate governance and Board effectiveness.

Our Services include:

* [**Remuneration reviews and benchmarking**](http://eganassociates.com.au/services/#Benchmarking)**:** for CEOs, executives, senior management and professional positions, including specialist roles
* [**Annual incentive plan structures**](http://eganassociates.com.au/services/#Incentives)**:** advice on performance criteria, target and maximum payment levels as well as deferral and clawback provisions
* [**Long term incentive plan structures**](http://eganassociates.com.au/services/#Incentives)**:** advice on participation, performance hurdles, equity instruments, valuation and allocation, as well as provision of performance monitoring services
* [**Corporate transactions / IPOs**](http://eganassociates.com.au/services/#Transactions)**:** assistance transitioning pre-IPO reward arrangements into the listed company environment (or any other corporate transformation) considering issues including escrow provisions
* [**Government pay reviews**](http://eganassociates.com.au/services/#Government)**:** assistance at federal, state and local level in administrative, policy and corporatised environments on reward for senior executives, professional and administrative staff, and governing Boards
* [**Board fee reviews**](http://eganassociates.com.au/services/#Boardfees)**:** benchmarking Board fee levels, including Chairman and Director retainer fees, Committee Chairman and member fees and fees for adhoc engagements.
* [**Board effectiveness**](http://eganassociates.com.au/services/#Governance)**:** assistance with Board reviews, Board skills matrices, scenario planning and Board documentation.

**John Egan**

John’s early career was with Cullen Egan Dell (now Mercer Human Capital), which he chaired from 1983 to 1989, when he formed Egan Associates. John has been an advisor to Boards and senior executives on organisation, governance and reward issues over many years. He has assisted a significant majority of Australia’s top 200 companies as well as a myriad of entrepreneurial organisations and government entities across a wide range of industries.

John has been actively involved with Universities, chairing Sydney University’s Board of Advice for its Faculty of Economics & Business (2001 – 2010). John is an Honorary Fellow of the University and an Adjunct Professor in the School of Business.

His personal interests are in cool climate gardens – [www.thebraesgarden.com](http://www.thebraesgarden.com) – and he served as a Trustee of the Sydney Royal Botanic Gardens & Domain Trust from May 2010 to June 2014.