Compensation for Corporate Directors Rises Sharply

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One of corporate America's cushiest jobs is becoming even more lucrative.

Compensation for corporate directors is rising sharply, a USA TODAY analysis of 2011 proxy filings finds. Behind the gains: higher cash retainers, fees and rising values of stock and stock option grants.

Most companies say they're raising pay to keep and recruit directors facing bigger workloads. But while corporate governance experts say there's more regulatory oversight and investor scrutiny in the wake of financial woes at firms from Enron to GM, directorships are still considered plum jobs.

"People are standing in line for these jobs because of the prestige, the pay and the opportunities on a part-time basis," says Eleanor Bloxam of corporate watchdog The Value Alliance.

Directors at the USA's biggest 200 publicly traded companies received a median $228,000 in 2009, according to pay consultant Pearl Meyer & Partners. Board service can be far more lucrative. Apple directors averaged more than $984,000 in 2010. Occidental Petroleum directors averaged nearly $420,000.

Overall director compensation has been relatively flat since 2008 because of the recession and slumping stock prices. No longer. Jannice Koors of Pearl Meyer says 50% of boards could seek pay hikes this year, by up to 15%. USA TODAY's analysis found bigger gains:

- Meredith directors' 2010 compensation was valued at $95,000. This year, it's up nearly 80% to $170,000.
- Allergan's retainers are up 50% to $60,000. Newly elected directors got three-year stock grants valued at $892,500, up 33% over 2009 grants worth $672,000.
- Raymond James Financial will double retainers to $50,000 and raise meeting fees 50% to $7,500.
- Procter & Gamble, Whirlpool, Viacom, Alcoa, Adobe Systems and McCormick are boosting cash or stock awards by 9% to 100%.

Peter Gleason, CFO of the National Association of Corporate Directors, notes that the role of directors — providing management oversight, guidance and a voice for shareholders — is no cakewalk. "Time is a huge factor," he says. "It used to take 120 to 135 hours a year, now its like 225."

Harvard University governance expert Lucian Bebchuk says paying for savvy board members is worthwhile for shareholders. But excessive pay has drawbacks.

Above $150,000 to $200,000, "the goal isn't about monitoring the company, but keeping the income," says Charles Elson, head of University of Delaware's Weinberg Center for Corporate Governance. "You'll think twice about making waves."