

Canadian Business

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Tipsheet

COMPENSATION

Payday pal

Companies are providing execs financial advice to maximize their salaries. **by John Gray**

As company stock prices, profits and revenue all come under increasing pressure during the current financial crisis, executive compensation is likewise getting more than the once-over from Canadian investors. But, ironically, a new perk many companies are adding to senior managers' pay packages may actually help moderate their salary demands and help them do their jobs more effectively.

A growing number of companies are offering to pay for high-end personal financial consultants to help senior managers keep their own finances in order, freeing them up to concentrate on managing through what is certainly one of the most challenging periods in recent memory. "During times like these, you want your company CEO to be focused on running the company," says Duncan McEachran, senior vice-president at CPA Financial Services Inc., a Toronto-based financial advisory firm. "You don't want him running his own portfolio off the corner of his desk and taking urgent calls from his broker, accountant and lawyer."

CPA helps time-starved corporate execs formulate a 10-year plan that covers all the basics, such as investments, wills and retirement planning. It can also execute investment and personal financial strategies on behalf of the exec, co-ordinating with stockbrokers, accountants, lawyers and other financial managers, or find the appropriate person to implement the plans, says McEachran. "We become a single point of contact for the executive," he says.

That's important because the effectiveness of even the best-laid compensation plans can be blunted if execs are too busy to make efficient use of the goodies they're given. For instance, many CEOs and other C-level managers sometimes let in-the-money

stock options expire, because they don't make the proper arrangements for them. "Helping senior managers make more effective use of their compensation will ultimately help to reduce overall compensation expenses for the company," says Jamie Purves, a senior vice-president at CPA.

Some CEOs let options expire because they're too busy to exercise them.

CPA currently has about 250 clients—about half of whom are senior executives whose companies pay for the service. CPA currently provides its unique financial planning services to well-known corporate execs such as Pierre Choquette, chairman of Methanex Corp., and Gwyn Morgan, chairman of SNC-Lavalin Inc. Other companies such as Agrium Inc., Sun Life Financial Inc. and EnCana Corp. also provide personal financial consulting services to their CEOs, according to the companies' annual management proxy circulars.

Be warned that the service is not cheap. CPA's full-service offering starts at about \$2,500 per quarter—and that doesn't include associated legal, trading, accounting and other fees. That may seem like a lot of money, but it may be a small price to pay to help senior managers worry less about their own stock portfolios and more about the long-term health of the companies they manage.



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