

AP

TIAA-CREF Policyholders Get Say on Pay

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TIAA-CREF Grants Policyholders an Advisory Vote on Company's Executive Compensation Plan

NEW YORK (AP) -- National financial services company TIAA-CREF said Friday it will give its policyholders an advisory vote on its executive compensation policies and related disclosures, in part to set an example for public companies to follow.

Beginning this week in balloting, Teachers Insurance and Annuity Association policyholders will be able to comment on the quality of TIAA-CREF's executive compensation plan and disclosures, including its connection to performance, achievement of the company's business goals and long-term value creation for policyholders.

The advisory vote won't allow TIAA policyholders to vote on how much executives will get paid, but on the policies and disclosures that determine compensation. A little more than 3 million of TIAA-CREF's 3.2 million clients are TIAA policyholders.

The company's human resources committee, which oversees pay policy for TIAA-CREF executives, will use policyholder input to help evaluate the quality of the executive compensation plan and the committee's success in explaining the plan to policyholders.

It's one of the first U.S. companies to voluntarily adopt an advisory vote on executive compensation policies and disclosure, said Donald Delves, president of executive compensation consulting firm Delves Group.

While TIAA-CREF is not a public company, the company said it wants to establish practices it supports for public companies that it invests in. TIAA-CREF manages more than \$414 billion in assets and is one of the largest pension funds in the world.

Executive compensation has become a source of investor ire, especially after former Home Depot Chief Executive Robert Nardelli pocketed \$210 million in compensation before leaving the company and Pfizer Inc. CEO Henry A. McKinnell received nearly \$200 million before his departure.

At some public companies like Verizon Communications Inc., shareholders won votes giving them say on what top managers are paid, a step further than an advisory vote on pay policies and disclosures.

A recent calculation by The Associated Press shows that among CEOs of companies in the Standard & Poor's 500, half make more than \$8.3 million a year.

TIAA-CREF Chairman, President and Chief Executive Herbert M. Allison Jr. received \$7.2 million in 2006, which includes a \$1 million salary, \$4 million bonus, \$2 million in a nonstock incentive plan and \$242,628 in perks.

The company is not required to disclose compensation for its senior management.

The AP formula adds up salaries, bonuses, perks, above-market interest on pay that is set aside for later and what companies estimated the present value to be of restricted stock and options awards on the day they were granted last year.
