



# CP#38-08 – Senior Management Compensation Policy

Approved: 12/20/08 | Revised: --/--/--

**1. Purpose of Council Policy:** This council policy outlines ICC’s review and approval guidelines for senior management compensation, which are in compliance with the Internal Revenue Service guidelines and are to be followed by the ICC Board of Directors.

**2. Rules & Procedures:**

**a. Individuals Subject to this Policy:**

**i. Chief Executive Officer**

**ii. Salaried Officers and Key Employees:** Individuals other than the Chief Executive Officer who (1) are a salaried Officer, or (2) meet all of the following criteria:

**1. \$150,000 Threshold.** The individual receives reportable compensation<sup>1</sup> from ICC and all related organizations<sup>2</sup> in excess of \$150,000 for the calendar year ending with or within ICC’s tax year;

**2. Responsibility Criteria.** The individual:

- a.** has responsibilities, power or influence over ICC as a whole that is similar to those of officers, directors, or trustees;
- b.** manages a discrete segment or activity of ICC that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
- c.** has authority to control or determine 10% or more of ICC’s capital expenditures, operating budget, or compensation for employees.

**3. Top 20 Limitation.** In addition to meeting the \$150,000 threshold and the Responsibility Criteria, the individual is one of the top 20 most highly compensated employees (including all income from ICC and related organizations) for the calendar year ending with or within ICC’s calendar year.

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<sup>1</sup> Compensation that is reported on Form W-2, Box 5, or in Box 1 if the employee’s compensation is not reported in Box 5, or Form 1099-MISC, Box 7, filed for the calendar year ending with or within the organization’s tax year

<sup>2</sup> An organization that stands in one or more of the following relationships to the filing organization: (1) Parent – an organization that controls the filing organization; (2) Subsidiary – an organization controlled by the filing organization; (3) Supporting/Supported – an organization that is (or claims to be) at any time during the organization’s tax year (i) a supporting organization of the filing organization within the meaning of Section 509(a)(3), if the filing organization is a supported organization within the meaning of Section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization.

## **b. Procedure for Approving Compensation of the Chief Executive Officer**

- i. In reviewing and approving the compensation of the Chief Executive Officer, the ICC Board of Directors will utilize the following process:
  1. Impartial Decision Makers. The compensation arrangement must be approved in advance (before any payment is made) by the ICC Board of Directors composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement (example: neither the Chief Executive Officer nor any of his/her family members may be present during the discussion/debate or participate in the vote).
  2. Comparability Data. When the ICC Board of Directors is considering compensation to Chief Executive Officer, it must rely on comparability data that demonstrate the fair market value of the compensation in question. For example, when crafting compensation packages, the Board must secure data that documents compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following:
    - a. expert compensation studies by independent firms;
    - b. written job offers for positions at similar organizations;
    - c. documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
    - d. information obtained from the IRS Form 990 filings of similar organizations.
  3. Concurrent Documentation. The ICC Board of Directors must document how it reached its decisions, including the data on which it relied. To qualify as concurrent documentation, written or electronic records of the Board (such as meeting minutes) must note:
    - a. the terms of the compensation and the date it was approved;
    - b. the members of the ICC Board of Directors who were present during the debate on the compensation that was approved and those who voted on it;
    - c. the comparability data obtained and relied upon and how the data were obtained; and
    - d. any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the ICC Board of Directors but who had a conflict of interest with respect to the decision on the compensation.

## **c. Procedure for Approving Compensation of Salaried Officers and Key Employees**

- i. In reviewing and approving the compensation of Salaried Officers and Key Employees, the Chief Executive Officer, any Senior Management to whom he/she delegates authority, and the Executive Committee of the ICC Board of Directors will utilize the following process:
  1. Impartial Decision Makers. The compensation arrangement must be approved in advance (before any payment is made) by the Executive Committee of the Board composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement, based on a compensation plan prepared by the Chief Executive Officer, which is based on comparable data (example: neither any Salaried Officer, Key Employee nor any of his/her family

members may be present during the discussion/debate or participate in the vote).

2. Comparability Data. The Chief Executive Officer shall design a compensation plan for Salaried Officers and Key Employees to be approved by the Executive Committee. The Executive Committee may rely on comparability data presented by the Chief Executive Officer that demonstrates the fair market value of the compensation in question. When crafting compensation packages, the Chief Executive Officer must secure data that documents compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following:
  - a. expert compensation studies by independent firms;
  - b. written job offers for positions at similar organizations;
  - c. documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
  - d. information obtained from the IRS Form 990 filings of similar organizations.
  
3. Concurrent Documentation. The Executive Committee must document how it reached its decisions to approve the Chief Executive Officer's recommendations, including the data on which it relied. To qualify as concurrent documentation, written or electronic records of the Executive Committee (such as meeting minutes) must note:
  - a. the terms of the compensation and the date it was approved;
  - b. the members of the Executive Committee who were present during the debate on the compensation that was approved and those who voted on it;
  - c. the comparability data obtained and relied upon and how the data were obtained; and
  - d. any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Executive Committee but who had a conflict of interest with respect to the decision on the compensation.