Fearing Lawsuits, U.S. Banks Set Sky-High Limits for Director Pay

Image by Mark Moz

Over the past two years, a growing number of U.S. banks has capped their directors' earnings, but the ceilings are so high that they primarily serve to fend off potential shareholder litigation rather than control the pace of pay increases, reports **Olivia Oran** in **a Reuters article**.

The banks' caps can be triple what directors now get paid, according to data and filings reviewed by Reuters.

"For the most part, these limits aren't really going to affect director pay, other than the fact that it's really just a protection for them," said Bill Gerek who advises companies on executive pay and governance matters at Korn Ferry. "What's the cost?"

Oran reports that consultants and lawyers say having any ceiling makes a company less likely to be targeted in a lawsuit from shareholders.

Read the article.