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Financial Firm Boards Get Pay Hike

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Board members of financial services companies have received a hefty pay raise. Total cash compensation for directors in the financial services industry rose by an average of 18% in the past year, according to a new study by human resources consulting firm **Total Compensation Solutions**.

Many directors in the financial services industry are likely getting a boost in their equity holdings thanks to the sector's strong stock performance. At the closing of trading June 5, the iShares Dow Jones U.S. Financial Services Index Fund was up about 19% from its 52-week low, according to data from Yahoo Finance.

The bustling M&A environment has helped boost stocks in the financial services sector, most recently with banking company **Wachovia's** buyout deal for brokerage **A.G. Edwards**, Reuters reports.

The increase in compensation within the financial services industry also comes as board members across the Fortune 500 are enjoying a raise in pay. Directors saw their total compensation rise 10% to \$165,000 in 2006, according to a recent study by **Equilar**, an executive-compensation research firm.

Overall, boards' pay increases stem from the greater responsibilities and time commitment directors are taking on at the behest of state and federal regulators, according to TCS. The Sarbanes-Oxley Act and the new **SEC** rules on compensation disclosure have shed more light on director compensation and raised the ceiling for pay, according to the firm.

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