

Compensation of American Chemical Society (ACS) Officers and Key Employees - A Guide for ACS Members and the General Public

The world's largest scientific society is committed to providing its members and the general public with information about the compensation paid to its top employees.

ACS is a not-for-profit organization, and as such is required to file an informational return, called the "Form 990," with the Internal Revenue Service. Included on the Form 990 is compensation paid to "officers and key employees" of the Society as well as to the five-highest compensated employees other than officers and key employees. A public disclosure copy of the ACS 2008 Form 990 is available on the ACS public website, with compensation information included in Schedule J of the Form 990. The IRS has completely revamped the Form 990 filing for the 2008 tax year. As a result, the information below is provided as additional explanation regarding the compensation reported on Schedule J contained on the 2008 Form 990.

In evaluating the information reported on Schedule J of the ACS 2008 Form 990, please keep in mind that ACS is a large and complex organization. The Society's total revenues in 2008 were \$498 million. It has a membership of more than 154,000 chemists and chemical engineers, approximately 2,090 employees, and assets of \$991 million. In addition to the Society's broad array of member programs, the ACS Publications Division and Chemical Abstracts Service are the leading providers of the highest quality chemical information to the worldwide scientific and engineering communities, with combined revenues of \$423 million annually.

The ACS Board of Directors determines the salaries and performance compensation (incentive pay) of Society officers and reviews and approves recommendations from the Executive Director and CEO for salaries and performance compensation of other senior employees. The Society's executive compensation programs are designed, administered, and monitored to:

- Ensure their fairness, equity, and competitiveness.
- Attract and retain qualified staff.
- Support the continued success of ACS.

The total cash compensation for ACS's executive positions is benchmarked using published survey data against executive positions in comparable for-profit and not-for-profit organizations, including membership organizations. In the past decade, these positions have been benchmarked six separate times, by independent compensation consulting firms (i.e., KPMG Peat Marwick, Quatt Associates, Aon Consulting and Towers Perrin). The Society's goal is to make sure it neither leads the market nor lags behind it and the benchmarking of ACS salaries using independent data ensures the Society is competitive in attracting and retaining outstanding executives. The data from the most recent executive compensation study continues to show that ACS executive compensation is at an appropriate, competitive level.

Consistent with the IRS instructions, the following explains the compensation information reported in various columns of Schedule J of the 2008 Form 990:

Part I asks general questions regarding compensation practices and the Society answered these questions according to its current practices in 2008. Required supplemental information related to health club reimbursements, severance payments, and a supplemental nonqualified retirement plan was disclosed in Part III of Schedule J.

Part II lists and reports information for each of the ACS 2008 current officers, key employees, and five highest compensated employees whose total annual compensation is greater than \$150,000 and whose names were listed in Schedule J of the Form 990.

Column A lists the names of the persons who must be listed in Part II of Schedule J.

Column B includes the breakdown of reportable compensation as reported in Box 5 of the listed person's IRS Form W-2 for 2008. Schedule J requires that total W-2 wages be broken out into its component parts. These include base compensation, bonus & incentive compensation, and other reportable compensation. Base compensation includes the base salary and sick pay paid less pretax deductions such as employee contributions to flexible spending accounts, health insurance plan premiums, dental benefit plan premiums, vision benefit plan premiums, and employee parking. Bonus & incentive compensation includes bonuses and incentive compensation paid. Other reportable compensation includes health club dues reimbursements; severance payments due to job elimination; vacation leave cashed out; life insurance premiums which represents the imputed cost of coverage for life insurance provided by ACS in excess of \$50,000; and amounts actually **paid** to the individual under the ACS Supplemental Executive Retirement Plan (SERP) in 2008. ACS set up a SERP to provide retirement benefits that are lost on the portion of the executive's annual compensation that exceeds the dollar limits imposed by the Internal Revenue Service. Specifically, Internal Revenue Code (IRC) Section 401(a)(17) limits annual pensionable earnings to \$230,000 for 2008. Thus, the SERP is designed to restore, over the participant's career, the full accrued pension benefit that, without the IRS limits, would be payable from the pension plan. The amount actually paid to the individual under the SERP reflects the benefits that have previously accrued. If a participant voluntarily terminates employment prior to his or her first vesting date, the participant's entire benefit under the SERP is forfeited. SERP interests are subject to the claims of bankruptcy creditors. ACS retains the right to amend or terminate the SERP at any time.

Column C Deferred compensation includes amounts accrued to the individual under the ACS qualified defined benefit retirement plan; amounts accrued to the individual under the ACS Employee Savings Plan; and amounts actually **accrued** to the individual under the ACS Supplemental Executive Retirement Plan (SERP) in 2008.

Column D Nontaxable benefits includes ACS contributions for health, dental, vision, and life insurance premiums; disability insurance premiums; and postretirement health coverage.

As described above, "total compensation" is comprised of many categories, including such items as incentive pay, insurance benefits, and pension and retirement benefits. Thus, an executive's total compensation is typically greater than his or her base salary, and the total varies from year to year.

Your questions or comments about this information can be directed to the [ACS Executive Director & CEO](#). We appreciate your interest in seeking accurate information on this important topic.