

Wall Street - From Bailout to Bonuses - 10-22-2009

by vcmorris - The Thin Pink Line Blog: women and work, women and leadership, women and careers, women and negotiation, women and money, work/life balance - <http://thethinpinkline.com>

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by vcmorris - Thursday, October 22, 2009

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Goldman Sachs, Wall Street's top firm, has set aside **\$16.7 billion** for bonuses to top employees. That's up 46% from the bonuses the firm gave a year ago. Paid at year's end, this chunk of money is compensation and benefits for the first nine months of 2009. The New York Times says it's enough to pay each of Goldman's bonus qualifying workers \$527,192.

Ka-ching! But not on Main Street.

Wall Street bonuses have always been a hot topic but - in the current economic environment - bonuses are even more controversial and often lead to some very angry points of view.

Goldman Sachs is in a lot of people's crosshairs because Goldman's bonus number is *far greater* than any other on Wall Street.

But the flipside is - Goldman Sachs had a *spectacular* third quarter: more than \$3 billion (\$3.19 billion, to be exact). And since the bonus compensation formula is based on performance - I believe *that* will be central to Goldman justifying the bonuses to the public.

Goldman's CEO Lloyd Blankfein set a Wall Street pay record two years ago with a \$70 million salary, stock, bonuses and options package. He "slashed" his pay last year (\$600,000 and nearly \$278,000 in deferred stock rewards) and went without a bonus after the firm's first quarterly loss.

Blankfein accepted financial support from the government : \$10 billion. He/Goldman Sachs has repaid the \$10 billion in bailout money plus dividends. Now the company is resuming allocating billions of dollars for year end bonuses.

We may not like it because most people on Main Street are still hurting and struggling financially. But when earnings rebound, when bailout loans get repaid and when a company starts racking up impressive performance, Wall Street's long standing bonus structure kicks in.

That's why I think *how* Goldman handles this end-of-the-year bonuses story will shape its image in the public's eye for many years to come. My bet is Goldman will justify having the biggest bonus pot in company history by *showcasing* its *standing ovation* third quarter performance.

Wall Street - From Bailout to Bonuses, Part 2 - next week.

Here's to your health and wealth.

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