CFO Retirements Climb as Good Times Roll On

Market watchers say the surging stock-market could be prompting finance chiefs to hang up the abacus before a downturn hits

Bill Rogers, former CFO of CenterPoint Energy, at a WSJ CFO Network event in Washington, DC, in June. Mr. Rogers, who retired in March, is one of a generation of finance chiefs passing the baton. PHOTO: RALPH ALSWANG FOR THE WALL STREET JOURNAL

By Ezequiel Minaya and Tatyana Shumsky
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Bill Rogers had climbed the corporate mountain, ascending to the finance chief role at CenterPoint Energy Inc. He had just guided the Houston-based utility through the $6 billion purchase of natural gas and electricity supplier Vectren Corp. And he was approaching an important milestone: his 60th birthday.

So, in March, Mr. Rogers retired. “The timing was right,” he said.

It is an increasingly familiar refrain. CFOs are retiring at the fastest pace in at least a decade—a generational changing of the guard that experts put down to factors including the increasing complexity of the role and the booming stock market.

One in six executives who left the CFO position at a U.S. public company in 2018 did so to retire, the highest share since at least 2007, according to an analysis of 12 years of
regulatory filings by Audit Analytics for The Wall Street Journal.

Many CFOs leaving the role are simply reaching retirement age. Others point to new pressure from expanding job descriptions, which now often encompass oversight of human resources and information technology. Meanwhile, a rich array of advisory opportunities for seasoned executives may be tempting some into early retirement.

The market also plays a role: CFOs’ compensation often includes restricted equity grants, which in some cases can only be cashed out in full after retirement. A hot stock market has made that option more enticing. The S&P 500 stock index, which recouped losses suffered during the 2008 global financial crisis by 2013, has reached record highs this year.

**Warning sign**

Campbell Harvey, a professor at Duke University’s Fuqua School of Business, said the uptick in retirements could show that the executives overseeing American companies’ finances increasingly believe the long bull market will soon come to an end.

“It’s an intriguing market timing signal by people that are well able to assess the pulse and direction of the U.S. economy,” he said. “These executives are sitting on a pile of stock and it’s difficult to sell that stock as an insider, so when do you want to retire? Do you want to retire when the stock market is near an all-time high, or do you want to retire in the depths of the inevitable correction that might be a recession?”

A surge in deal activity has also been a factor. Last year was one of the busiest on record for mergers and acquisitions. Deals can trigger contract clauses that accelerate vesting requirements of restricted shares, giving CFOs an incentive to walk away, said Rhoda Longhenry, co-head of the financial officers practice at executive recruiter True Search.

The robust economy allowed Kenneth Pollak to retire from the CFO position at women’s apparel company Eileen Fisher Inc. in 2017 at the age of 66. “If the stock market didn’t come back, then I would say there was a good chance I would have worked a few more years,” he said.

**Under pressure**

CFOs are also tapping out because of escalating demands, recruiters said. CFOs once focused on regulatory compliance, accounting and reporting of financial results. Today, they are
increasingly involved in setting strategy, finding and executing deals, and overseeing operations, technology, cybersecurity, talent management, human resources and risk.

Comparing the turnover rate for CFOs and CEOs provides some support for the idea that financial executives in particular are facing increased pressure at work. In 2009, the departure rates for CEOs and CFOs—for all reasons, not just retirement—were roughly the same, at 13.5% and 13.4% respectively, according to Audit Analytics. By 2018, the exit rate for CFOs had risen to 17.5%, compared with 15.2% for CEOs.

“The role has become increasingly more sophisticated,” said Peter Crist, chairman of executive recruiting firm Crist|Kolder Associates. “The pressure on a public company CFO is very high.”

Neil Edwards said his once-high blood pressure has eased to a normal range since 2014, when he retired at 59 from his role as CFO of internet-access company United Online Inc. “In the early days I really looked forward to getting into the office,” he said. “The last 18 months were very hard work. I was tired at the end of it.”

Retiring executives are also presented with more options, as consulting and outsourcing has permeated into more fields, recruiters said.

“We don’t believe anybody at this level ever retires, they are looking for flexibility,” said Gail Meneley, co-founder of Shields Meneley Partners, a Chicago firm that helps executives find their next job.

Mr. Edwards saw retirement as a second act, not the final scene. He does some consulting. He also puts his skills to use as a volunteer, helping impoverished schools in Cambodia with their finances.

Once Mr. Pollak was satisfied with his nest egg, his next priority was keeping busy. In his first year of retirement from Eileen Fisher, he traveled to Europe with his wife and secured a seat on a company board.

Downshifting from his hard-charging schedule was still a challenge. “When I was doing the board work and consulting, I was busy,” he said. “But there were times when I woke up on a Monday morning and wondered what I was going to do with the week.”

For Mr. Rogers, the aim of retiring from CenterPoint before age 60 was to leave time for his postwork goals. Since retiring, he has walked the Camino de Santiago in Spain with a group from the University of St. Thomas in Houston, one of several organizations that Mr. Rogers advises.
“You really can’t be sure what your health is after age 70,” Mr. Rogers said. “I have other interests, I want to make sure I have some span of time to see what I might do with them.”

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