2026 Alternatives Compensation & Carry Survey

How private markets firms are responding to rising complexity, changing employee expectations, and growing demands for transparency.

The data tells us that carry programs are broadening, evolving with market conditions, and responding to rising employee expectations. As a result, firms are managing more complexity and variation in compensation mechanics than ever before.

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Introduction

Allvue conducted a survey of compensation and carry management program administrators at alternative asset firms to better understand current industry practices. The research was conducted in partnership with Major, Lindsey & Africa, a global executive recruitment firm with specialized expertise in the alternative assets industry.

Through this joint effort, Allvue and MLA sought to develop meaningful benchmarks for alternative investment compensation programs. The research also aimed to provide insight into how long-term and performance-based incentive programs are managed, administered, and experienced across alternative investment firms.

The results will be released in three parts, with this report serving as Part 1. It will be followed by an in-depth perspective from MLA on carry plan participants' views. The final installment will offer joint perspectives on where the views of carry and compensation program administrators converge with and diverge from those of carry recipients in senior roles, including legal department leaders.

Summary Findings

1 Operational Gaps Persist

Most firms acknowledge they still lack the rigor, consistency, and operational sophistication applied to other core business functions.

2 LP Alignment Is Strong

LP alignment appears strong, supported by indicators like co-investment and confidence in the defensibility of compensation structures.

3 Complexity Is Rising

Firms are challenged by both operational complexity (more carry participants) and market factors (difficulty of forecasting payments).

4 Employee Experience Is Uneven

The way firms are engaging employees and facilitating carry program participation is at best, uneven.

MAJOR, LINDSEY & AFRICA

Research conducted in partnership with Major, Lindsey & Africa · Global Executive Recruitment · Alternative Assets Expertise

The Administration of Carry Programs Remains Manually Intensive

It may not come as a surprise that many firms in the alternative assets space are still administering carry programs in Excel. In many cases, this approach is a holdover from the early days of the firm, when programs were smaller, participant populations were more limited, and the underlying calculations were easier to manage manually.

However, Excel-based workflows can become increasingly difficult to maintain as firms scale. Just 11% of firms said they perceive their carry administration capabilities to be ahead of peers.

Compensation Programs May Lack Structure

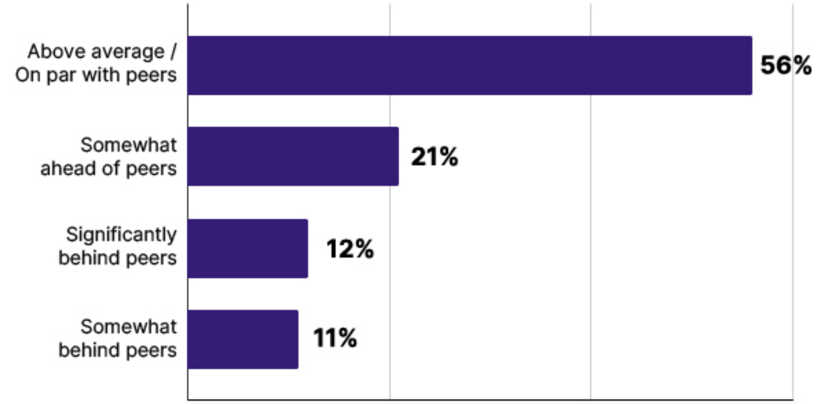
Only 18% of firms said they believe they are ahead of peers when it comes to managing carry and compensation programs, reinforcing the view that many firms see their current capabilities as passable, but not especially optimized.

The data also suggests that many firms are still working toward a more structured and data-driven approach. More than half of firms were reluctant to agree that their compensation practices are data-driven. Nearly half (42%) said they do not have well-defined compensation bands by level (e.g., associate, director).

While being average is clearly preferable to being behind the curve, it may not be enough in an increasingly competitive market for talent. As competition intensifies, firms may find that stronger compensation governance becomes more important.

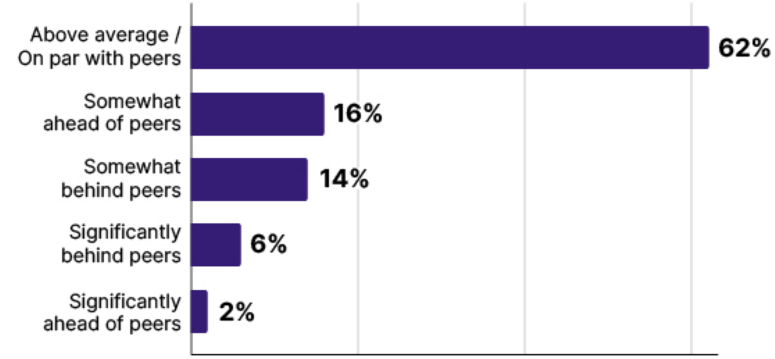
Key insight: 62% of firms rate themselves as average on compensation decision-making maturity. Only 18% see themselves as ahead — a significant opportunity for differentiation through stronger program design.

How would you rate the maturity of your firm with respect to the administration of your carried interest program?



58% of respondents reported that carry administration is still done primarily in Excel

How would you rate the maturity of your firm with respect to the way you make compensation decisions?



The State of Carry and Compensation Programs

Transparency, Reporting, and Consistent Policies Are Gaps for Many Firms

About half of firms concede that carry is treated differently from other compensation programs. In many cases, this may not reflect a deliberate choice, but rather the reality of competing priorities. Investor-facing activities naturally command significant attention, while carry management — as an internally facing function — can sometimes receive less focus despite its importance to employees.

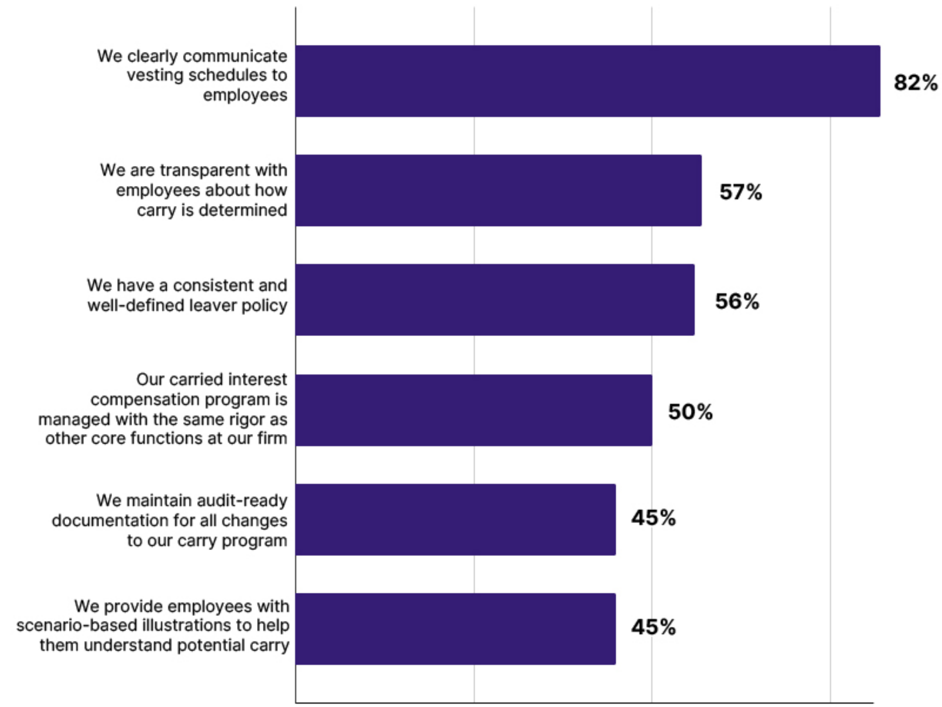
Without strong documentation and auditable processes, firms may find it harder to support historical decisions, respond to participant questions, or maintain consistency as programs change over time.

18% see themselves ahead of peers on comp program management

42% do not have well-defined compensation bands by level

50% say carry administration lacks the same rigor as other functions

Maturity of Carry Administration Across Select Operational Functions



Key Findings: As competition intensifies, firms may find that stronger compensation governance, clearer benchmarking, and more disciplined program design become more important factors in attracting and retaining employees.

The Employee Experience

Total Rewards Statements remain far from the standard

The percentage of firms offering Total Rewards Statements has ticked up over time, with just over 43% now providing them to participants in carried interest compensation programs. Total Rewards Statements give employees a more holistic view of their incentives and compensation packages, helping them understand the full value of their compensation and how different components fit together.

43% of firms now offer Total Rewards Statements to participants in carried interest compensation programs

36% say they invest in education and training programs on carried interest compensation

24% of firms provide employees feedback forums on carried interest compensation

32% say they offer an employee-facing portal for visibility into carried interest compensation

Discretionary Carry Programs May Contribute to Employee Concerns

Just 36% of firms say they invest in education and training programs focused on carried interest compensation, suggesting that many participants may receive limited formal guidance. For employees with significant tenure in the alternative assets industry, this current state may not be especially concerning — these employees are generally familiar with carried interest compensation.

However, the need for education may grow as carried interest participation expands. As more employees receive carry, including individuals in roles not traditionally associated with this type of compensation, firms may need to do more to help participants visualize, understand, and track their awards.

The Employee Experience

Discretionary carry programs may contribute to employee concerns about subjective or uncertain compensation outcomes

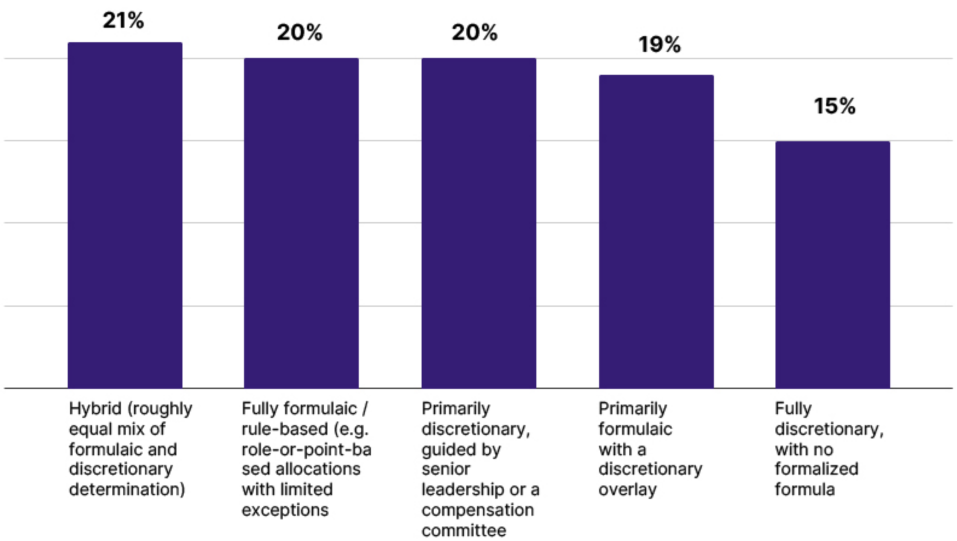
In our research, more than 56% of firms rely on discretionary carry at least to some extent, indicating that many firms retain flexibility in how carried interest is awarded or allocated. The concern is that employees may perceive these types of allocations differently than more formulaic programs. Discretionary programs increase the importance of clear communication, strong documentation, and defensible governance so that participants understand how carry decisions are made and why outcomes may vary.

Firms may miss opportunities to capture employee feedback

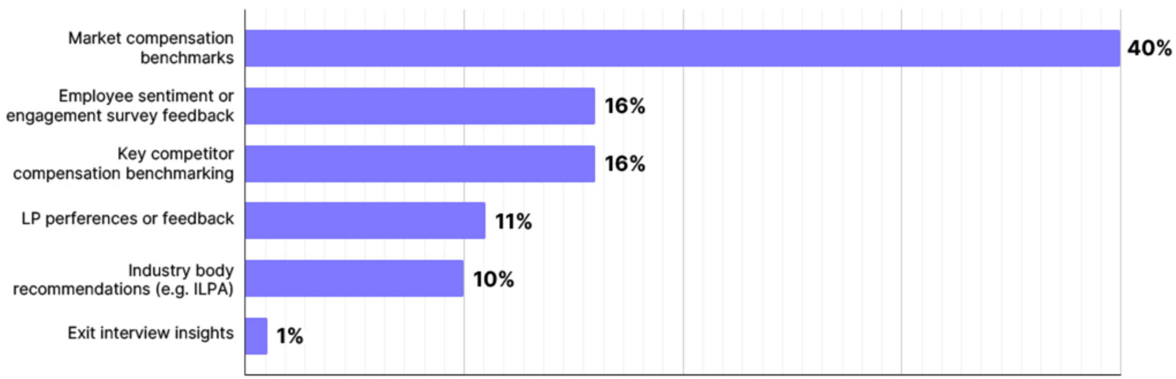
Just 24% of firms provide employees with formal feedback forums on carried interest compensation. Just 16% of firms say employee sentiment data is a prominent input into carry and compensation decisions. This creates a potential gap between how programs are designed and how they are experienced by employees, especially as competition for talent intensifies.

Key Findings: While market compensation benchmarks rank highly here, many firms concede they don't take an entirely data-driven approach to compensation program design.

How Carry is Determined



Most Frequently Ranked First - Inputs to carry and compensation decisions



LP Alignment

Firms see stronger LP alignment, and continue to deepen the connection

We see some clear signals that firms could do more to better serve and align with employees when it comes to compensation and carry administration. Earlier findings point to gaps around communication, feedback, education, documentation, and the ability to provide employees with a holistic view of their compensation.

At the same time, firms appear to be more confident in their alignment with LPs. In fact, 82% of respondents reported that they can defend their compensation policies to LPs, suggesting firms feel relatively well positioned when explaining compensation decisions from an investor-facing perspective.

One signal of this alignment is the continued commitment to co-investment. Forty-five percent of firms say they are increasing their commitment to co-investment, while another 30% expect that commitment to hold steady. Only 10% say they expect their commitment to co-investment to decrease.

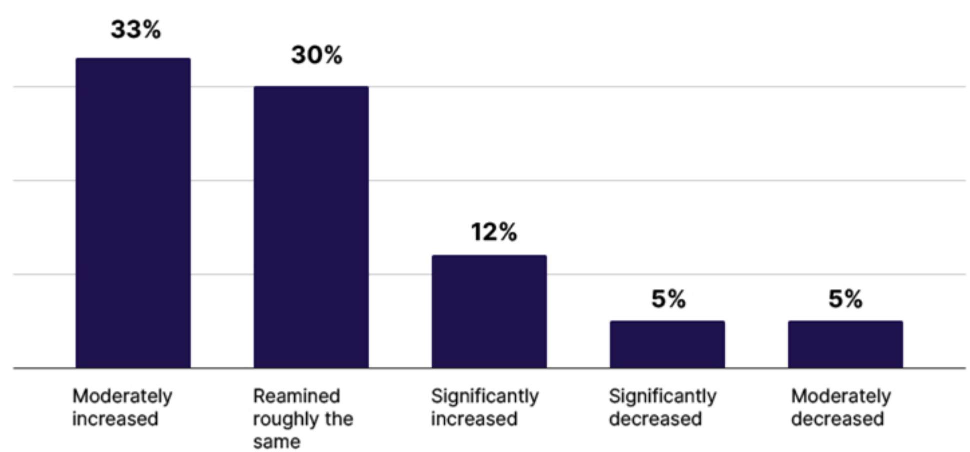
82% of respondents reported that they can defend their compensation policies to LPs — a strong signal of LP alignment and confidence.

Key Findings: Co-investment has held steady or increased at most firms, creating alignment of incentives, but also operational complexity.

The mechanisms firms use for facilitation can improve LP alignment, but also complicate compensation program administration

Only 10% of firms say they expect their commitment to co-investment to decrease, reinforcing the view that co-investment remains an important mechanism for aligning employees with firm and investor outcomes. To help facilitate participation, firms use a range of non-cash mechanisms — most commonly loans to co-investment program participants and management fee waivers. Just 8% of firms say they apply management fees to employee co-investment participation.

Changes in Co-Investment for Recent Vintages

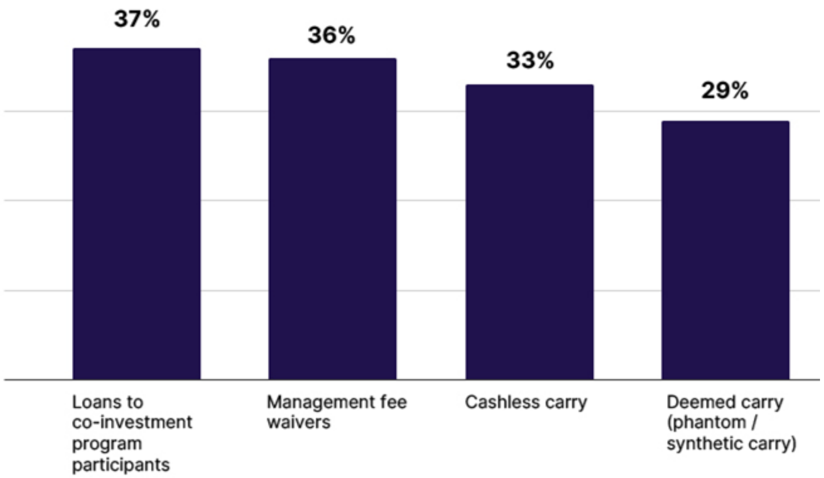


Figures may not sum to 100% due to a portion of respondents who did not provide a definitive response or do not offer co-investment rights.

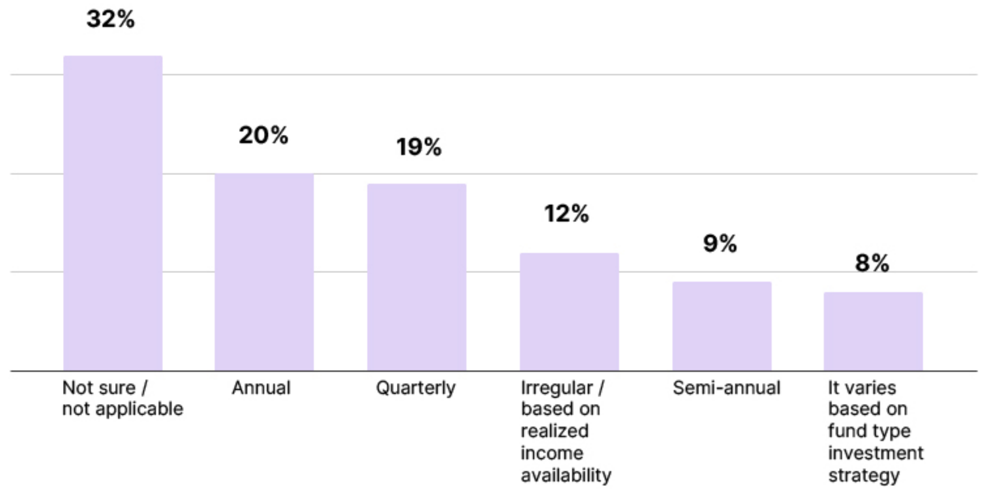
LP Alignment

Co-Investment Participation — Mechanisms and Approaches

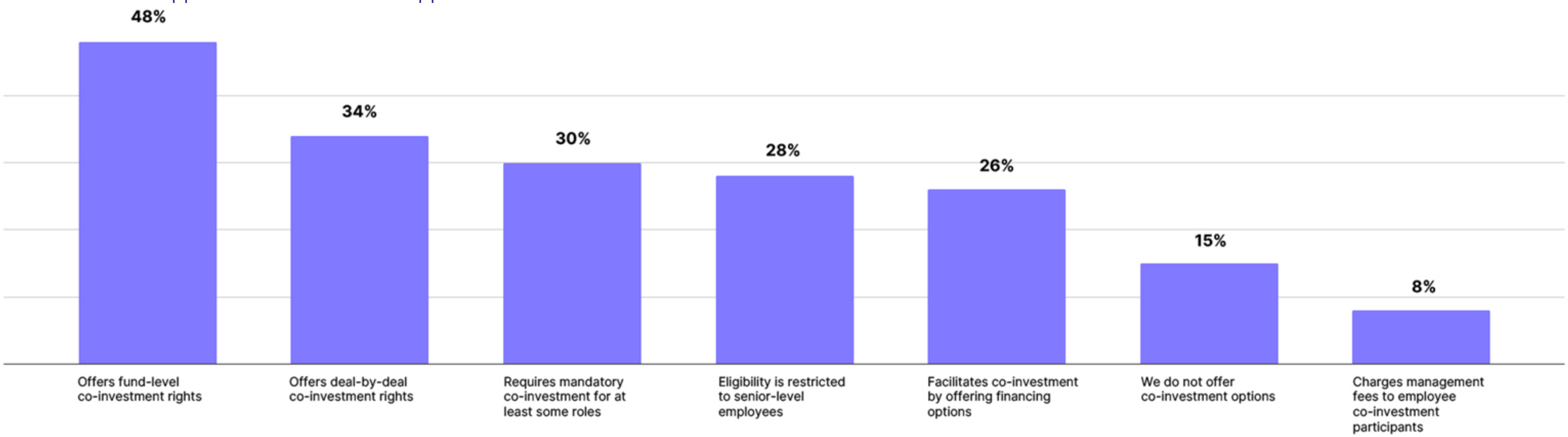
Non-cash Mechanisms to Facilitate Participation



Tax Advance Payments to GP Members



How Firms Approach Co-Investment Opportunities



The Outlook for the Next 12 Months

Carry and compensation leaders face rising talent expectations amid market uncertainty

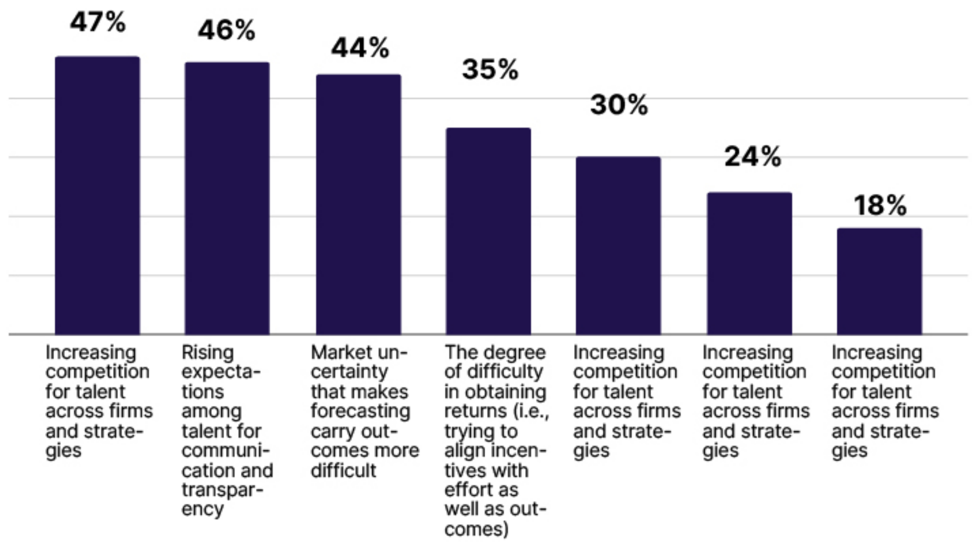
There are several issues that remain top of mind for carry and compensation leaders. One is the increasing intensity of competition for talent. Firms recognize that expectations among talent are increasing. As employees become more in demand, they may also become more demanding in terms of transparency, program design, and overall value of compensation packages. Market uncertainty adds another layer of complexity.

They also expect operational challenges from growth in participation, difficulty in forecasting outcomes

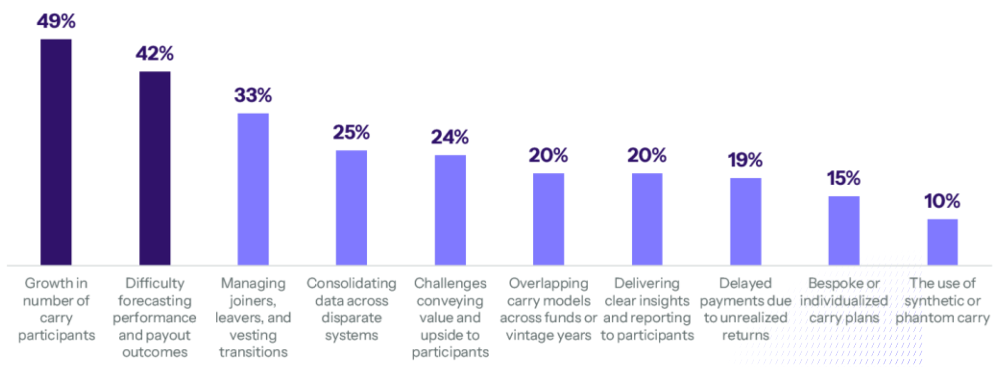
One theme we have heard consistently over the last few years is that carry programs are expanding in scope, with more people across the firm receiving carry-based compensation. That trend shows up prominently here in the expected growth of participants in carry management programs, as well as in the increasing need to track the mechanics of compensation across employees whose arrangements may not all look the same.

Here again, market factors appear near the top of the list. As one person put it succinctly in a recent conversation, firms will need to consider the balance of effort and reward during periods of market uncertainty or slower activity, when employees may be working disproportionately hard to generate returns in a more challenging external environment.

Market Factors Expected to Impact Carry & Compensation Programs Over 12–24 Months



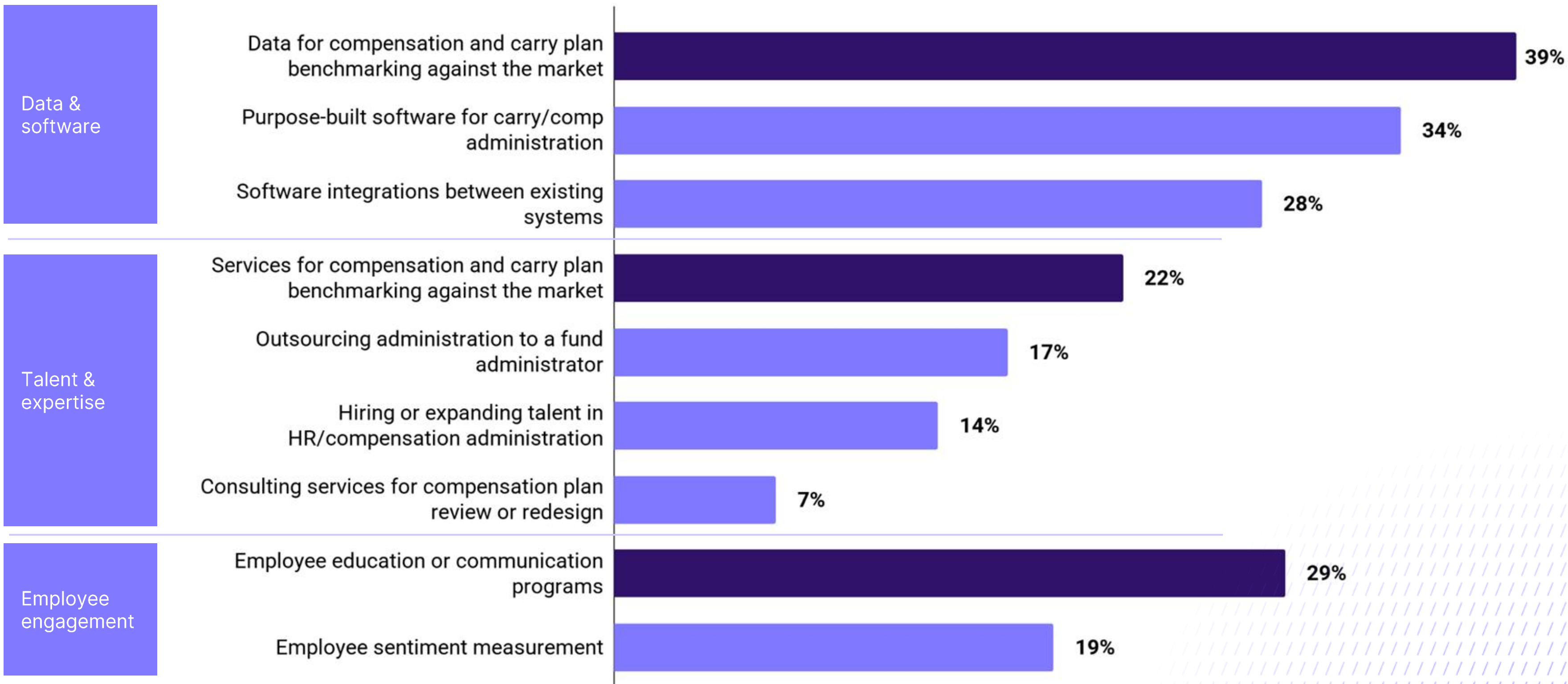
Expected Operational Challenges for Carry & Compensation Programs Over the Next 12-24 Months



The Outlook for the Next 12 Months

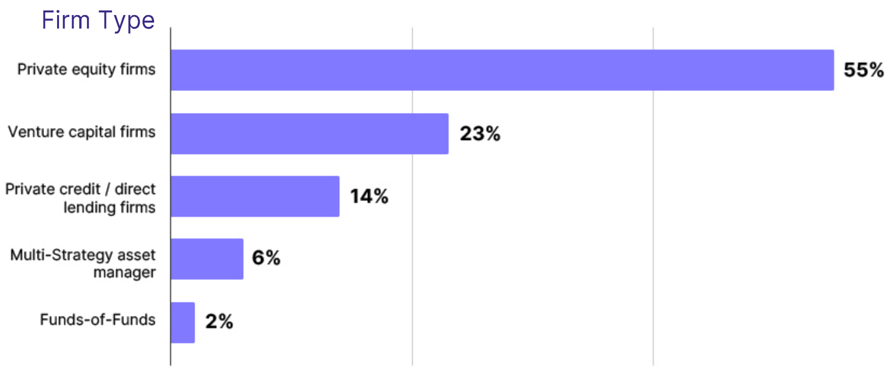
Data for benchmarking against the market tops list of investments over the next 12 months

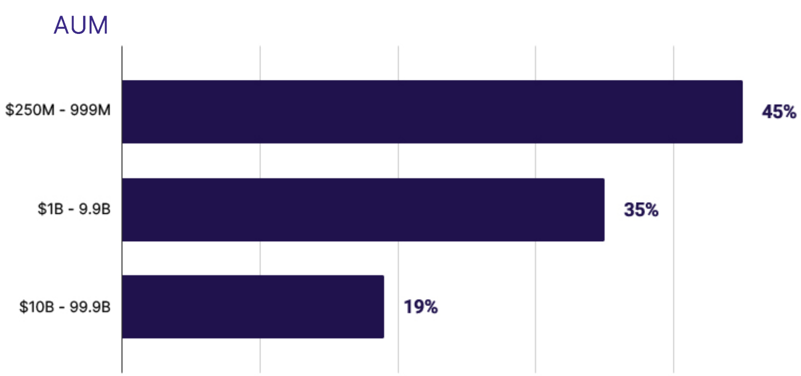
The priorities tend to cluster around data and software, with data and benchmarking standing out in particular as firms look to develop a sharper view of how they compare against the market in order to retain and recruit talent. On one hand, this is a positive sign that firms are continuing to invest in benchmarks and taking a more data-driven view of the market. At the same time, it may also highlight the relative importance of some of the other priorities on the list, raising the question of whether firms are underinvesting in certain areas given the scale and complexity of the challenges they are facing.



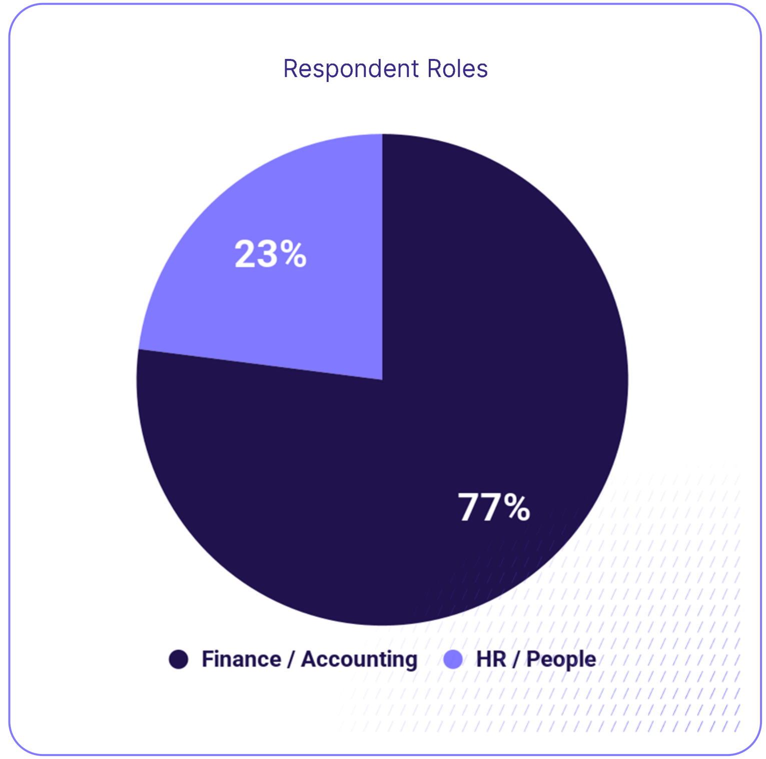
Methodology & What's Next

This research was conducted in the first quarter of 2026 and reflects responses from firms across multiple strategies and asset classes. The results skew slightly toward private equity. Perspectives were collected from HR and finance leaders with responsibility for carry administration and compensation at their firms.





As noted earlier, this report is the first in a three-part series. The next installment will feature an in-depth perspective from MLA on carry plan participants' views. The final installment will offer joint perspectives on where the views of carry and compensation program administrators converge with those of carry recipients in senior roles.



Key Insights reflect perspectives of HR and finance leaders responsible for compensation and carry program administration. Research conducted Q1 2026. All respondent data is anonymized and aggregated.

Want to understand how your carry and compensation practices compare to peers?

Our survey findings show that private markets firms are under growing pressure to deliver more transparent, data-driven, and employee-friendly compensation experiences. Yet many still rely on manual processes to manage complex carry programs, limiting visibility, efficiency, and employee engagement.

Schedule a short maturity assessment

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North America Sales: +1 305 901 7060

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Disclaimer

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