

CRITICAL COMPENSATION STRATEGIES

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What We'll Cover Today...

- New Laws causing a change to compensation
- Strategies to help relieve the “pain”
- Rethinking how to pay people

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NEW LAWS AFFECTING COMPENSATION

- CT Paid Leave Program
- Minimum Wage Increase to \$15.00
- Fair Labor Standards Act - \$35,308 threshold
- Flexible Work Arrangements

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CT PAID LEAVE PROGRAM

- Creating a payroll deduction of 0.5% on January 1, 2021
- How will this impact your employees who now are earning less and won't take advantage of the paid leave?
- All employees must contribute to the fund – no exceptions

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MINIMUM WAGE INCREASES

- New Minimum Wage - \$11.00 on 10/1/2019 to \$15.00 on 6/1/2023
 - Compression Issues
 - Can you afford to increase salaries?
 - Maintain Movement of Salaries with increases
 - Impact on Benefit Programs

Note: \$1.00 increase = 10%; Market moving at 3%

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MINIMUM WAGE - STRATEGIES

- Review the salaries of individuals to be sure they are at \$11.00 and what will it take to get to \$15.00
- Review your current salary ranges and understand how the wage movement will impact your lower level individuals
- Do you have supervisors that are at a lower level and paid close to their direct reports?
- Which benefit programs will be impacted by wage increases
- Begin to audit all of the issues surrounding the wage increases

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OVERTIME EXEMPTION - FLSA

- Raising to \$35,308 per year – 1/1/2020
- Review your employees and determine who is currently considered exempt and earns less than \$35,308
- Will you change them to non-exempt, or increase their pay to retain the exemption?
- Determine overtime rate against the salary increase

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OTHER WAYS TO WORK – GIG ECONOMY

94% of net employment growth in the U.S. economy came from alternative work arrangements. 51% of employees said they were interested in contract or freelance work as opposed to full-time jobs.

- Hybrid Roles – wearing multiple hats; doing more with less
- Generational Differences – Gen X/Y/Z = craft own careers – Portfolio approach
- Skills Pay – gaining experience from many employers; on the job
- GIG Workers – short term contracts or freelance work

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STRATEGIES TO THINK ABOUT

- Compensation Philosophy – how do you pay? What is your pay brand?
- Compensation Strategy – how do you spend the compensation budget?
- Annual Increases – COLA, Performance Based, STARS, More Often
- Mark to Market Strategy – Evaluating jobs for comparability
- Total Rewards – Benefits, Incentives, Special Programs
- Culture – Pay for performance; all for one; “if it ain’t broke”

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RETHINKING COMPENSATION STRATEGY

1. Mix and Match – What does your workforce want? ASK
2. Reward Performance – STARS, high achievers, retention
3. Reward People more frequently – quarterly, bi-annually
4. Transparency in Pay – communicate the structures, expectations
5. Benefits for GIG workers, freelancers, part-time,
6. Pay Mix – base, bonus and benefits
7. Market Competitiveness vs. Internal Equity – Need for specialized talent
8. Attraction, Motivation, Engagement or Retention – where are you?

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ARTICLES AND OTHER INTERESTING READS

1. *Will They Stay or Will They Grow? – Pay Scale*
2. *2020 Salary Growth Budget Expected to Notch Just Above 3% - SHRM*
3. *The Future of HR: HR 2020 What the Future Holds – Mercer*
4. *Define Your Compensation Strategy – Pay Scale*
5. *Gen Z May Need to Adjust Salary Expectations – World at Work*
6. *Link Between Variable Pay and Results – World at Work*

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