



Compensation and Benefits Trends Report

2023/2024 Edition

How to Participate in Today's Webinar



Ask Questions

Submit questions using the Q&A icon.



Download the Materials

We will post links in the chat to important material including the executive summary, today's slide presentation and other useful information.



Help Us Improve

Complete a brief survey at the end of today's webinar so we can incorporate your feedback in future events



Watch Again

We will send you an email when the webinar recording is available. The links to download the executive summary and slide presentation will be included.

A man and a woman in business attire are looking at a laptop screen in an office setting. The man is on the left, wearing a blue suit jacket and a light blue shirt, gesturing with his hands. The woman is on the right, wearing a white shirt and glasses, smiling. The background is a blurred office environment with other people.

HR Professionals Attending Today's Webinar

**This session is approved
for SHRM and HRCI credit.
More details will be shared
during the webinar.**

NEWPORT
an ASCENSUS company

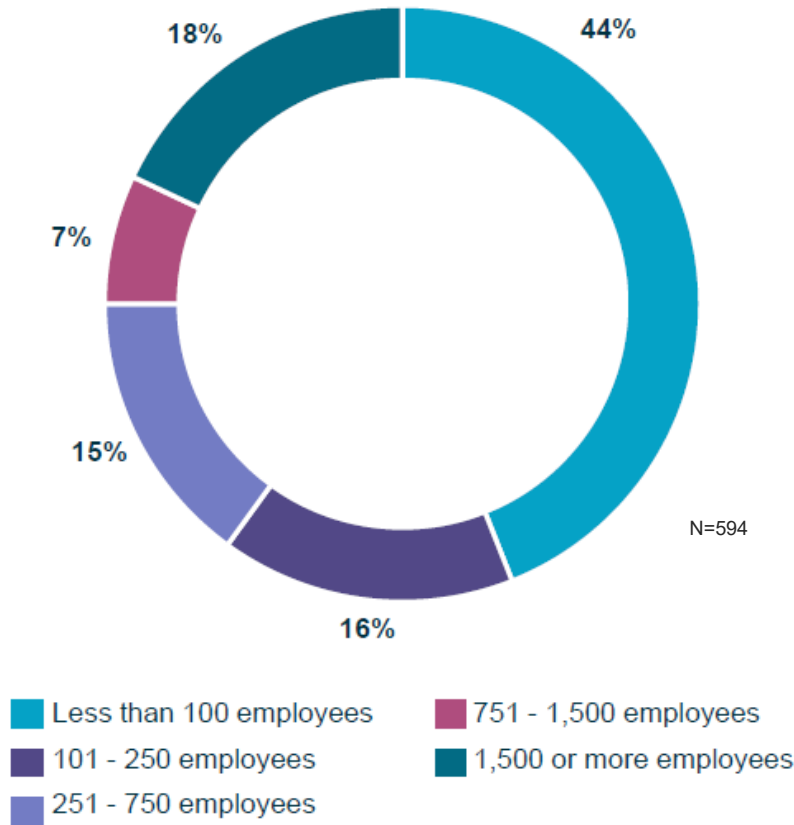


Background

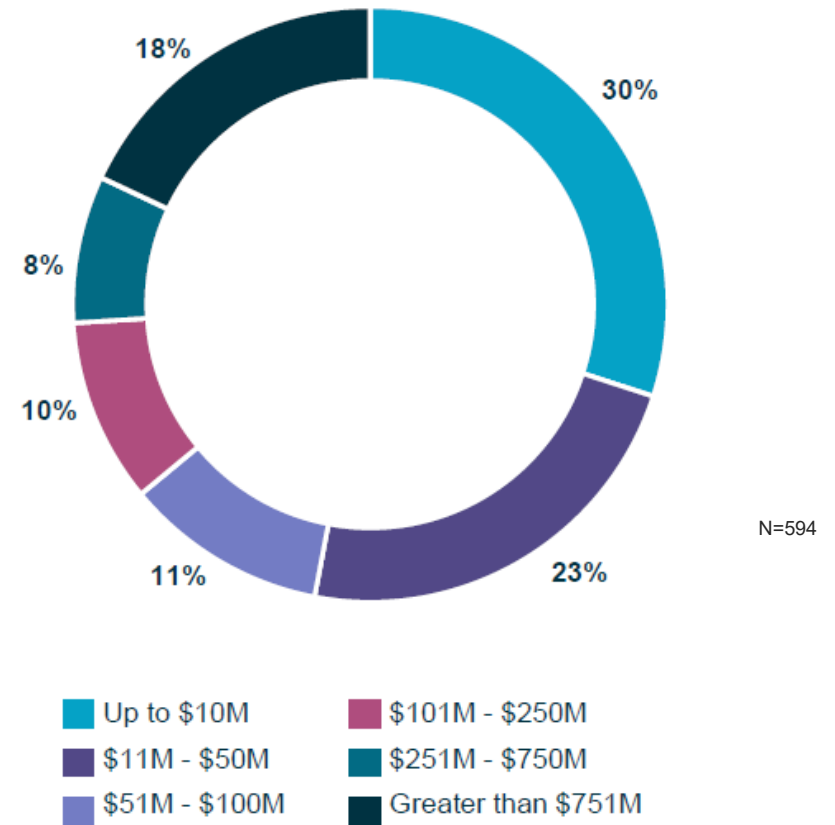
- The **2023/2024** survey highlights **key trends** across a full range of compensation and benefits programs
- A **comprehensive single-source view** for the middle market
- Data from nearly **600+ organizations** spanning a range of industries, geographies, and sizes, and summarizes general trends, deep insights, and strategic managerial takeaways.
- Beyond general trends, this report provides insight on how organizations are strategically managing compensation, retirement, and benefits programs in today's highly competitive talent market

DEMOGRAPHICS

Full-Time Equivalent (FTE) Employees



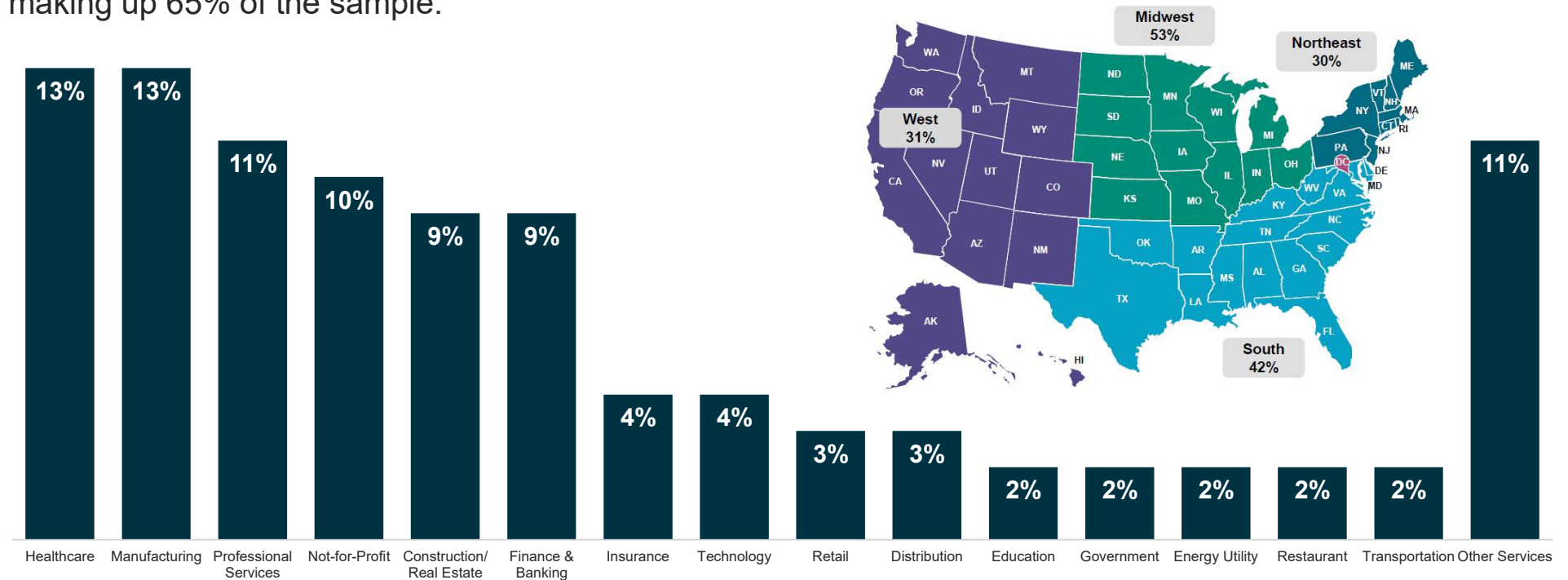
Annual Gross Revenue



DEMOGRAPHICS

Organizations by Industry and Region

The organizations in our 2023/2024 Report represent a multitude of industries with Healthcare, Manufacturing, Professional Services, Not-for-Profit, Construction/Real Estate, and Finance and Banking making up 65% of the sample.



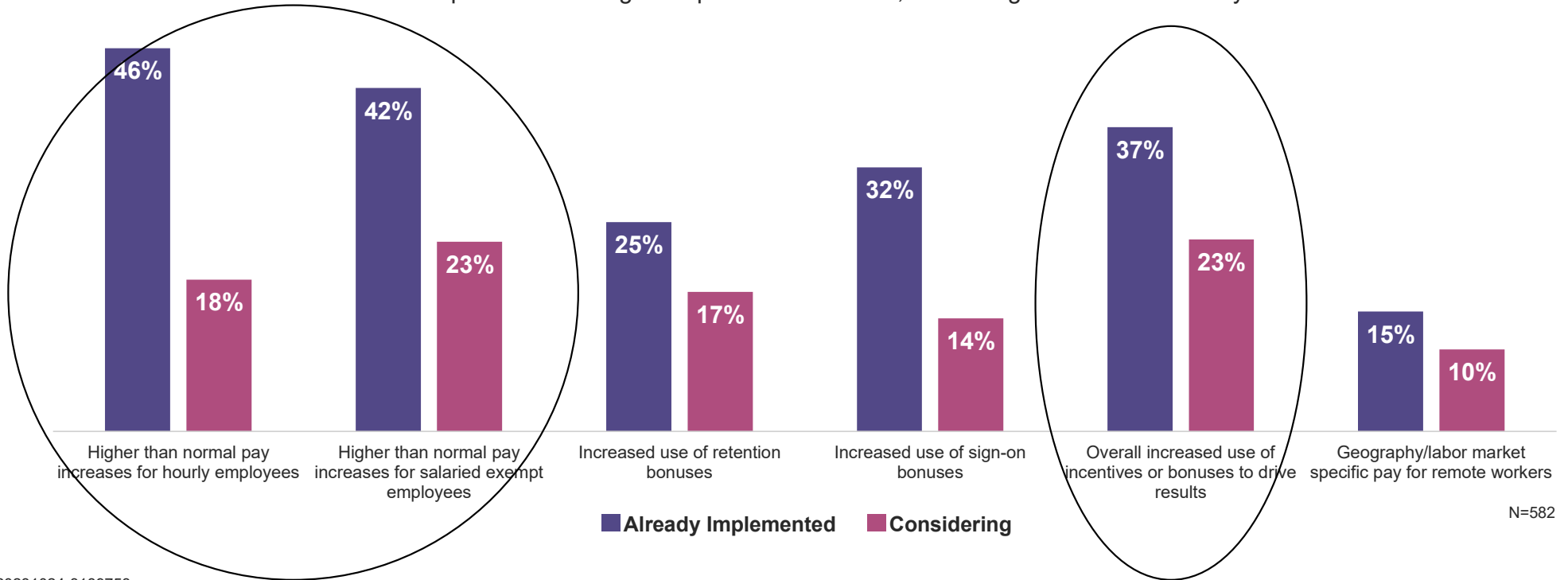
N=594

COMPENSATION PRACTICES

2023 Compensation Strategies

QUESTION: Which compensation strategies has your organization implemented to attract and retain talent in today's highly competitive labor market?

Organizations have already implemented or are considering a number of compensation strategies to attract and retain talent in the competitive labor market. Higher than normal pay increases for hourly and salaried exempt employees as well as increased use of incentives and bonuses are the most prevalent strategies implemented in 2023, continuing the trend from last year.

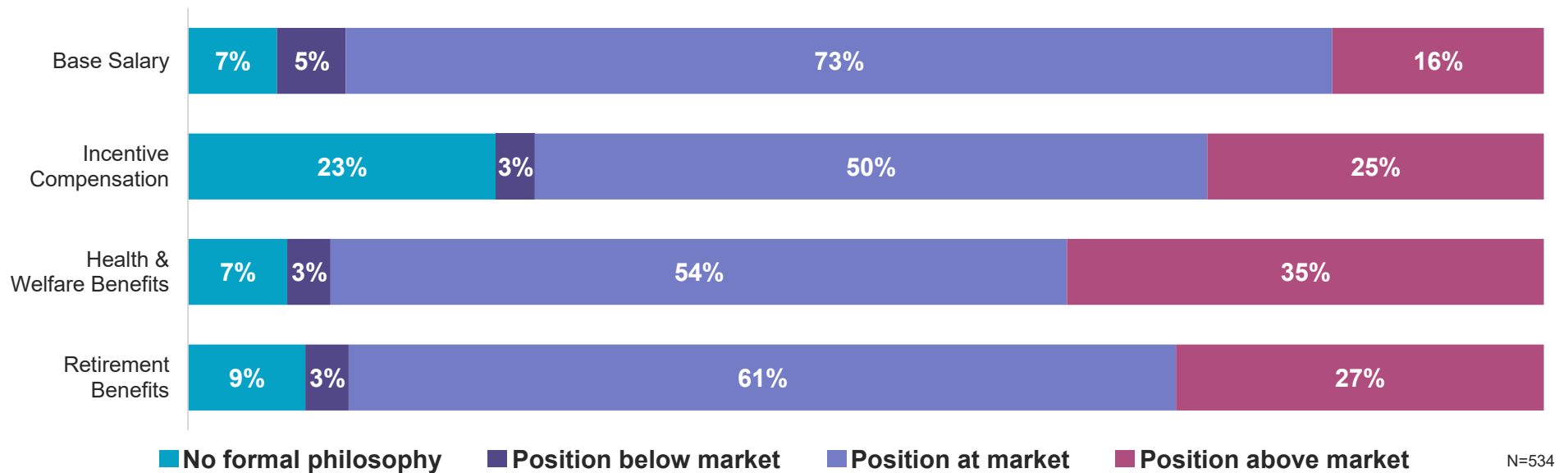


COMPENSATION PRACTICES

Total Rewards Philosophy

QUESTION: What is your organization's total rewards philosophy?

When considering which areas of the total rewards philosophy to differentiate, the greatest emphasis continues to be health and welfare benefits (35%), followed by retirement benefits (27%), to position above the market. Most organizations target "market" (commonly known as the 50th percentile) for base salaries (73%), incentive compensation (50%), health and welfare benefits (54%) and retirement benefits (61%). Very few (3-5%) organizations position any rewards below market as expected in a tight labor market. With the majority of organizations targeting at market, those organizations who position above market have an opportunity to compete more effectively.

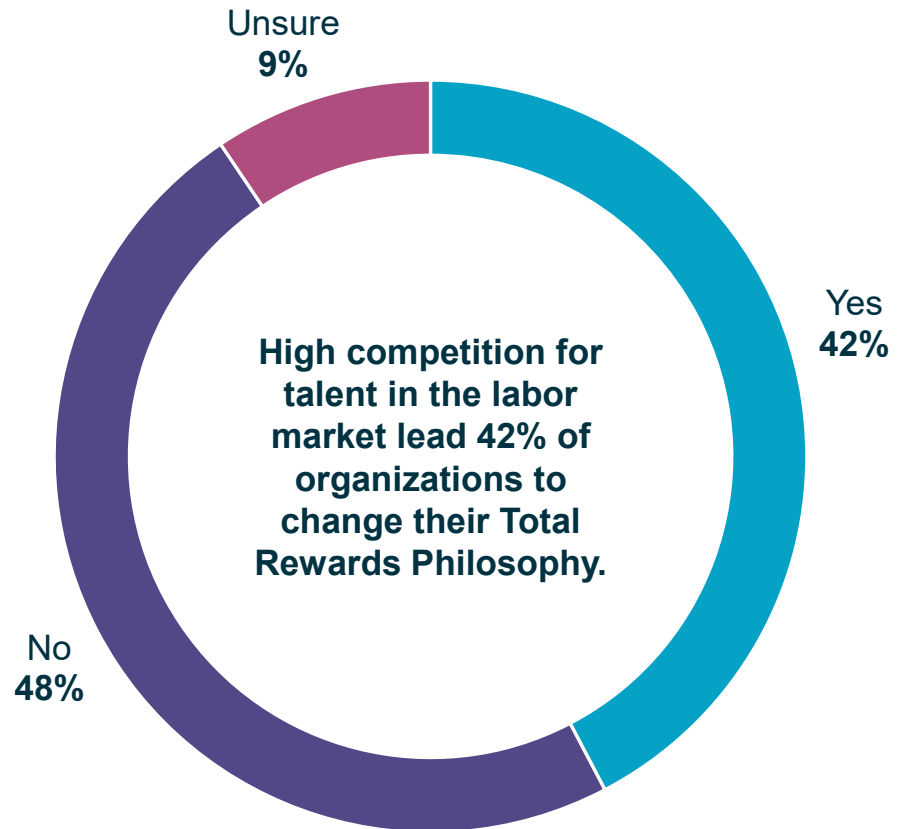


COMPENSATION PRACTICES

Changes to Total Rewards Philosophy

QUESTION: Over the past 3 years, has your organization changed their total rewards philosophy in light of high competition for talent in the labor market?

Despite high competition for talent in the labor market, more organizations (48%) kept their philosophy the same than changed it while 42% changed their total rewards philosophy to better compete.



N=541

Poll Question #1: Top Priority

On the flip side:

COMPENSATION PRACTICES

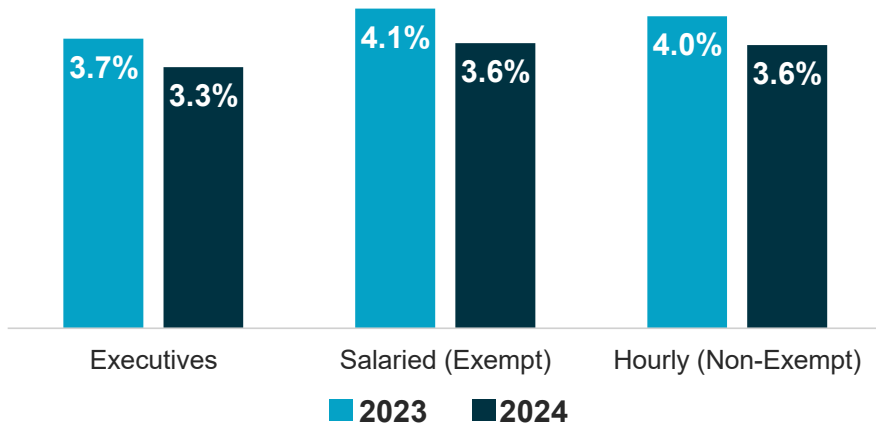
Base Salary Increases (Including Salary Freezes)



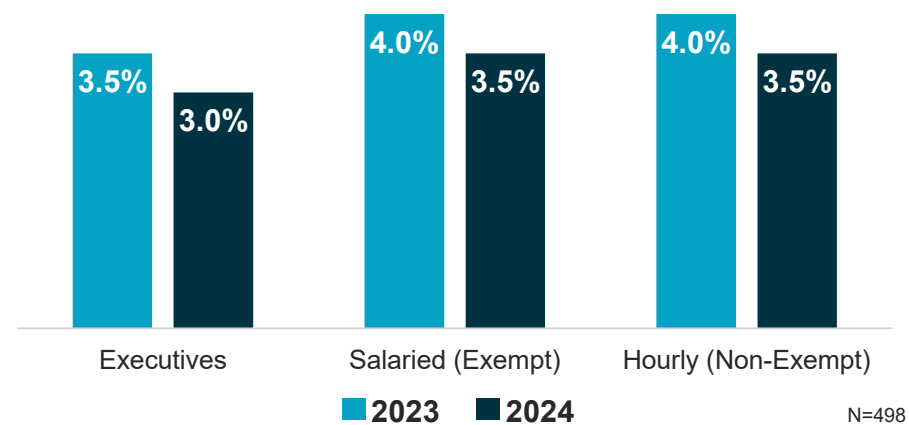
QUESTION: What is your organization's actual base salary increase budget for 2023 and anticipated budget for 2024, as a percentage of base pay for the employee groups below?

When salary freezes (zero % increases) are included, the average 2023 base salary increase budgets are between 3.7% for executives (where more salary freezes were reported) and 4.1% and 4.0% for salaried and hourly staff. Median 2023 salary budgets are 3.5% for executives, 4.0% for salaried staff and 4.0% for hourly staff. Slightly lower budgets are anticipated for 2024 for all categories.

Base Salary Increase Budgets
(Average Including Salary Freezes)



Base Salary Increase Budgets
(Median Including Salary Freezes)



N=498

COMPENSATION PRACTICES

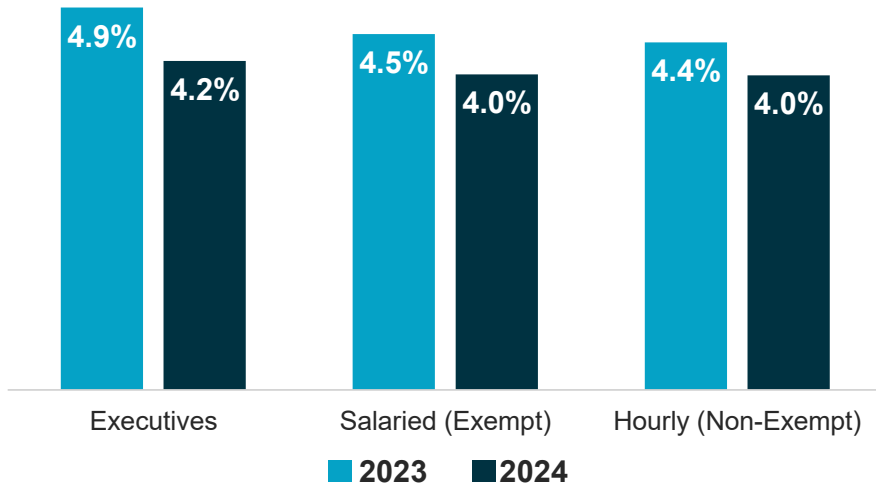
Base Salary Increases (Excluding Salary Freezes)



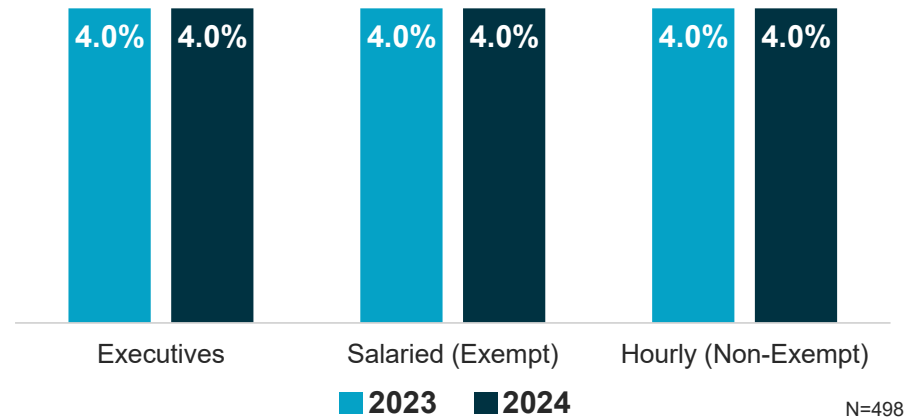
QUESTION: What is your organization's actual base salary increase budget for 2023 and anticipated budget for 2024, as a percentage of base pay for the employee groups below?

When salary freezes (zero % increases) are excluded, the average 2023 base salary increase budgets are 4.9% for executives and 4.5% and 4.4% for salaried and hourly staff. Median 2023 salary budgets are 4.0% for executives, salaried staff, and hourly staff. Slightly lower budgets are anticipated for 2024 for all categories. Salary increase budgets continue to be higher than pre-pandemic times.

Base Salary Increase Budgets
(Average Excluding Salary Freezes)



Base Salary Increase Budgets
(Median Excluding Salary Freezes)



N=498

COMPENSATION PRACTICES

Salary Structure Prevalence

QUESTION: Does your organization have a formal salary structure (i.e., ranges with a minimum and maximum) to manage compensation decisions?

Approximately 59% of organizations report utilizing a formal salary structure with grades (minimums, midpoints and maximums) to manage compensation decisions.

From an industry perspective Education, Government and Not-for-Profit, and Healthcare sectors are more likely than other groups to have a formal salary structure to manage their compensation investment.



	Overall	100 or Fewer	101 - 250	251 - 750	751 - 1,500	1,500 or More
Yes	59%	39%	57%	71%	88%	91%
No	41%	61%	43%	29%	12%	9%
N =	552	243	83	85	43	98

by FTEs

COMPENSATION PRACTICES

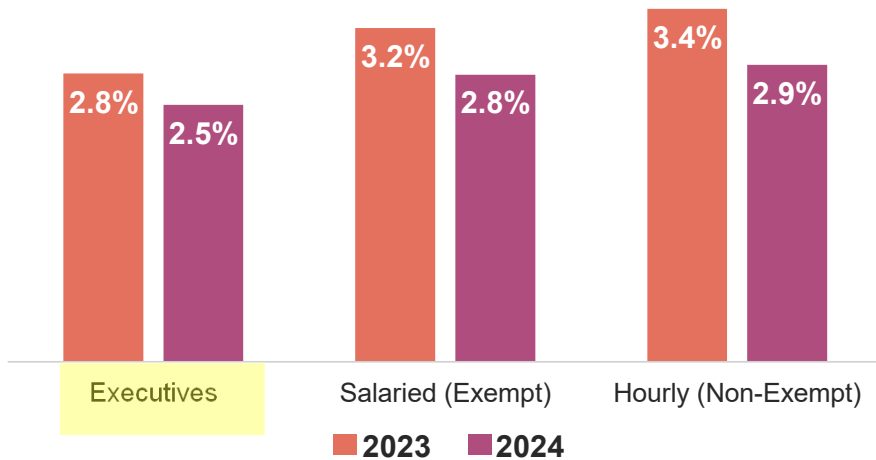
Salary Range/Structure Movement (Including Salary Freezes)



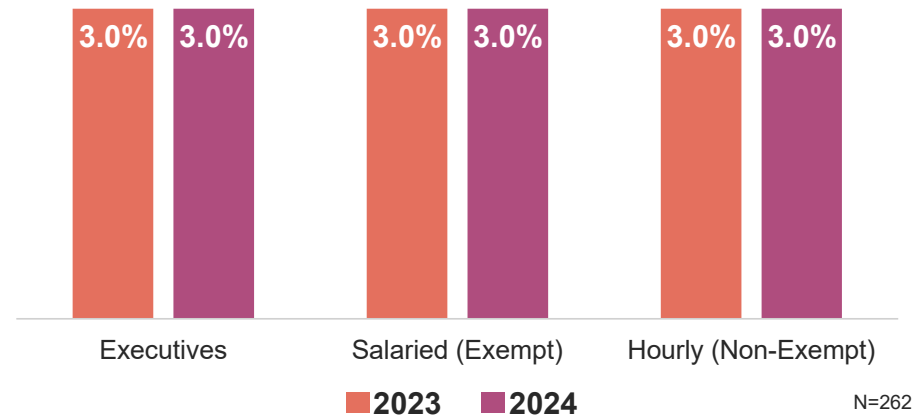
QUESTION: What is the percentage salary range/structure movement for 2023 and the amount anticipated for 2024?

When structure freezes (zero % increases) are included, the average salary range/structure movement is approximately 2.8% for executives, 3.2% for salaried and 3.4% hourly staff. In 2024 average salary range/structure movement is slightly lower, 2.5% for executives, 2.8% for salaried, and 2.9% for hourly staff. When looking at medians, organizations anticipate structure movement of 3.0% for all types of positions in 2023 and 2024.

Salary Range/Salary Structure Movement
(Average Including Salary Freezes)



Salary Range/Salary Structure Movement
(Median Including Salary Freezes)



N=262

COMPENSATION PRACTICES

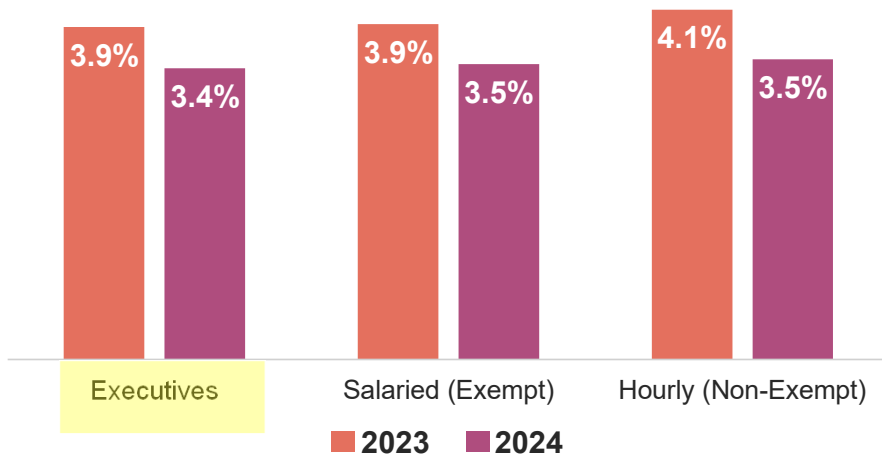
Salary Range/Structure Movement (Excluding Salary Freezes)



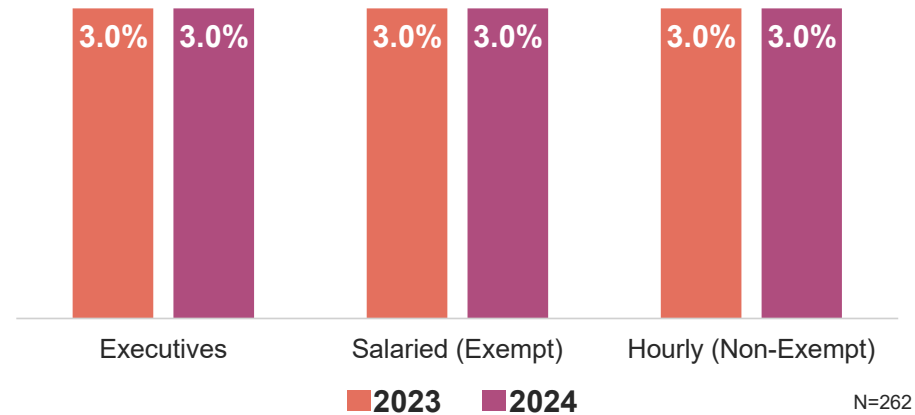
QUESTION: What is the percentage salary range/structure movement for 2023 and the amount anticipated for 2024?

When structure freezes (zero % increases) are excluded, the average salary range/structure movement is approximately 3.9% for executives, 3.9% for salaried and 4.1% hourly staff. In 2024 average salary range/structure movement is slightly lower, 3.4% for executives, 3.5% for salaried, and 3.5% for hourly staff. When looking at medians, organizations anticipate structure movement of 3.0% for all types of positions in 2023 and 2024.

Salary Range/Salary Structure Movement
(Average Excluding Salary Freezes)



Salary Range/Salary Structure Movement
(Median Excluding Salary Freezes)



N=262

COMPENSATION PRACTICES

2024 Salary Range/Structure Movement by Industry (Including Salary Freezes)

QUESTION: What is the percentage salary range/structure movement anticipated for 2024?

In 2024, median salary structure increases are 3.0% and for most industries and employee categories this was the same. Healthcare structure movement is 2.0% - 2.8% at median indicating that structures may not be increasing as much in that sector.

	Overall	Construction, Real Estate & Energy Utility	Finance, Banking & Insurance	Education, Government & Not-for-Profit	Healthcare	Manufacturing, Distribution & Transportation	Professional Service & Technology	Restaurant, Retail & Other Services
Executives								
Average	2.5%	2.0%	2.5%	2.7%	2.2%	2.5%	2.9%	2.4%
Median	3.0%	2.5%	3.0%	3.0%	2.0%	3.0%	3.0%	3.0%
Salaried (Exempt)								
Average	2.8%	2.6%	2.4%	2.8%	2.3%	3.1%	3.3%	3.0%
Median	3.0%	3.0%	3.0%	3.0%	2.5%	3.0%	3.0%	3.0%
Hourly (Non-Exempt)								
Average	2.9%	2.5%	2.3%	2.9%	2.7%	3.2%	3.5%	3.0%
Median	3.0%	3.0%	3.0%	3.0%	2.8%	3.0%	3.0%	3.0%
N =	262	22	44	48	37	42	31	38

Poll Question #2: Recession

On the flip side:

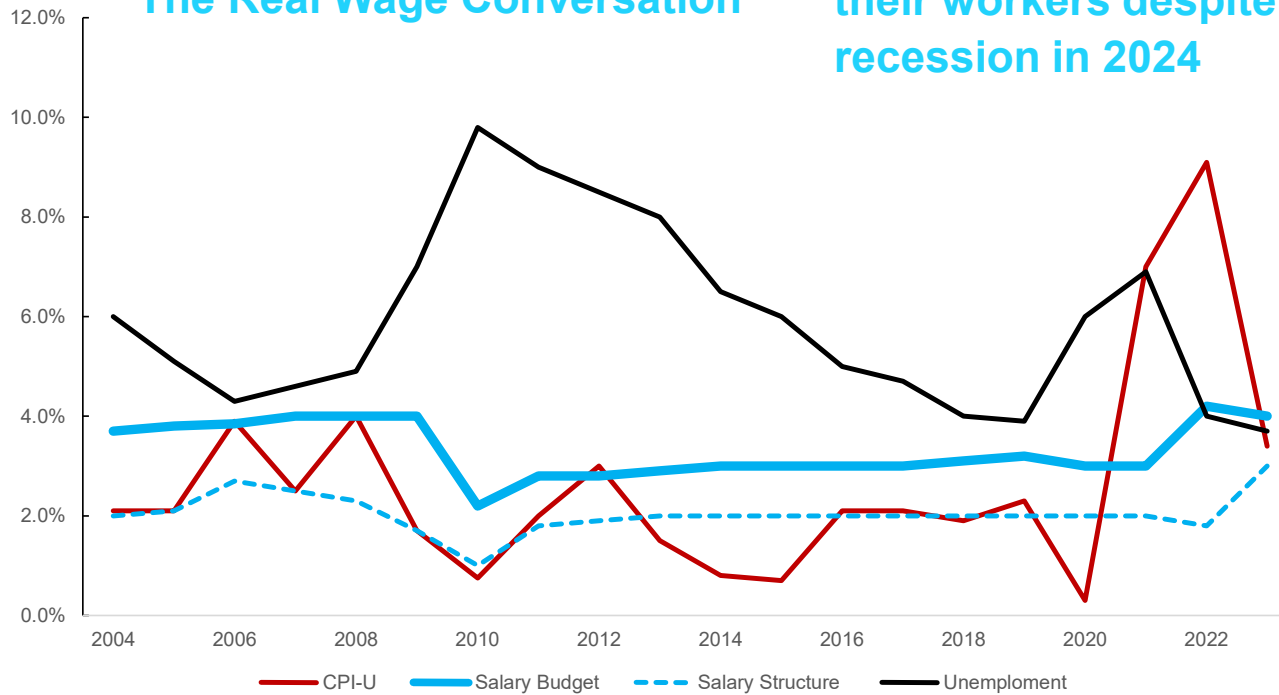
COMPENSATION PRACTICES

How Do I Talk About Salary Increases When All My Employees Want To Talk About Is Inflation?

Cost of Living
vs.
Cost of Labor

The Real Wage Conversation

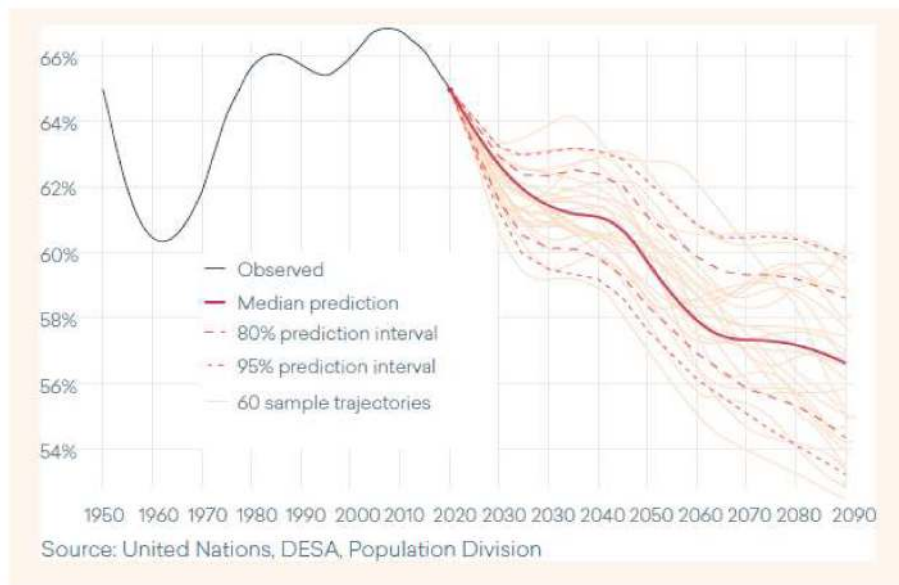
Businesses are holding onto their workers despite fears of recession in 2024



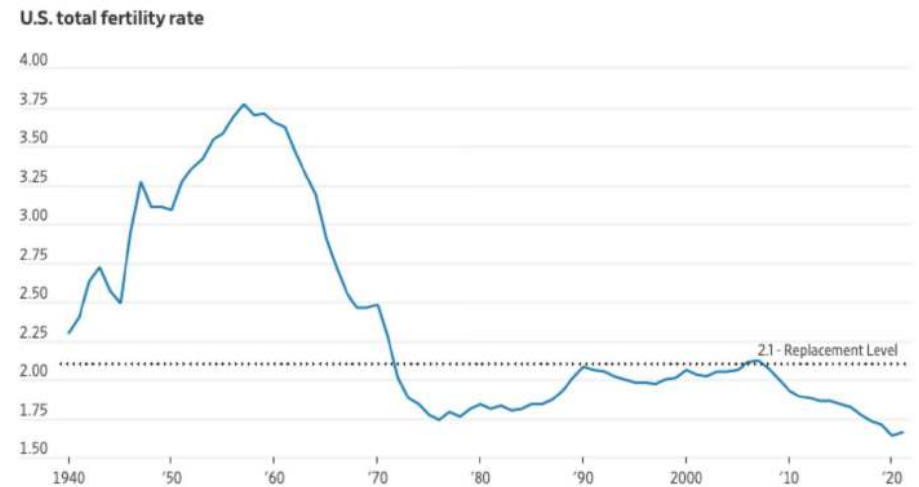
THE
FORECAST
FOR 2024 IS
4.0%

COMPENSATION PRACTICES

The Demographics Are NOT In Our Favor



Source: *Population Reference Bureau*
By *Diana Elliott*, January 20, 2023



49 of the last 50 years BELOW replacement level

Source: *Wall Street Journal*
Why Americans Are Having Fewer Babies
May 26, 2023

COMPENSATION PRACTICES

Recession Plans & Cost-Cutting

- 46% of Companies **Expect a Recession** with 24% **actively planning** for one
- Those expecting to do layoffs have decreased from 45% in the spring to 29% now in Fall.
- 13% said they are cost-cutting **without** doing layoffs. Where?
 - 76% reducing business travel
 - 63% renegotiating vendor contracts
 - 60% implementing hiring freezes (down from 82% in spring)
 - 23% eliminating some perks (free lunches, gym or gas reimbursements, etc.)
 - 23% closing some locations
 - 8% reducing or cutting health or retirement benefits

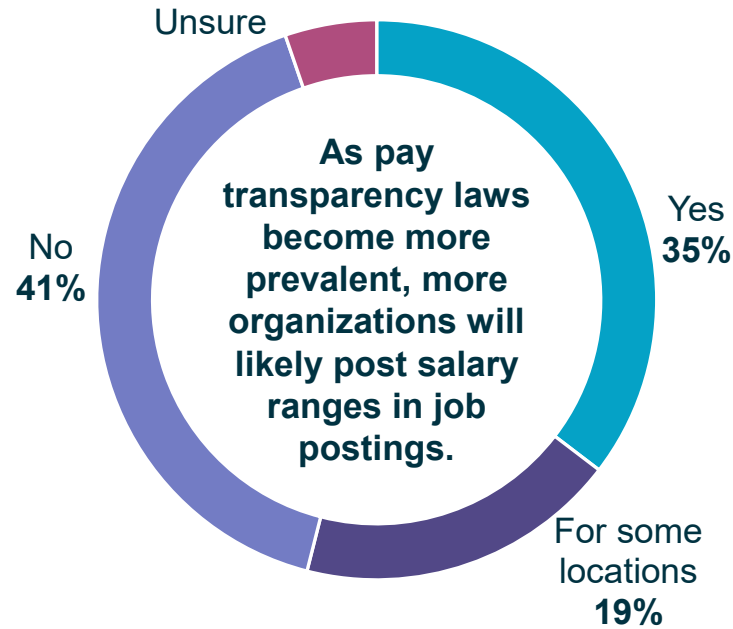
*Source: Challenger Gray & Christmas, Inc
Fall HR Trends & Issues
October 17, 2023*

COMPENSATION PRACTICES

Prevalence of Salary Range in Job Postings

QUESTION: Does your organization include the salary range in job postings?

Approximately 54% of organizations report including job salary ranges for all or some of their locations.



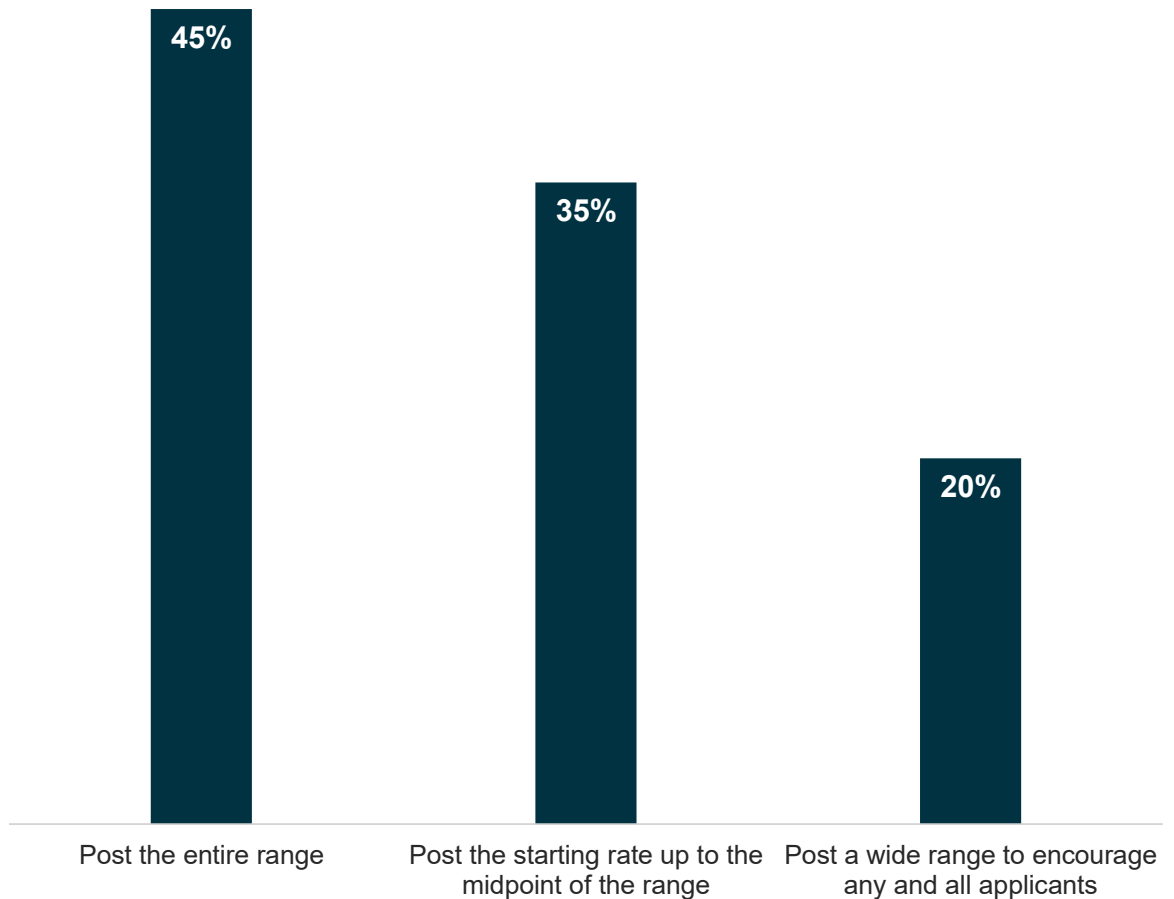
	Overall	Construction, Real Estate & Energy Utility	Finance, Banking & Insurance	Education, Government & Not-for-Profit	Healthcare	Manufacturing, Distribution & Transportation	Professional Service & Technology	Restaurant, Retail & Other Services
Yes/For some locations	54%	44%	62%	58%	43%	60%	55%	52%
No	41%	52%	36%	39%	51%	34%	37%	41%
Unsure	5%	5%	3%	3%	6%	5%	9%	7%
N =	548	62	73	79	69	96	82	87

COMPENSATION PRACTICES

Salary Range in Job Postings

QUESTION: If your organization includes the position's salary range in job postings, which of the following is provided:

Approximately 45% of organizations include the entire salary range in their job postings while the next most common is to post the start rate up to the midpoint of the range. Only 20% post a wide range to encourage any and all applicants ('wide' meaning wider than the actual entire range).



N=284

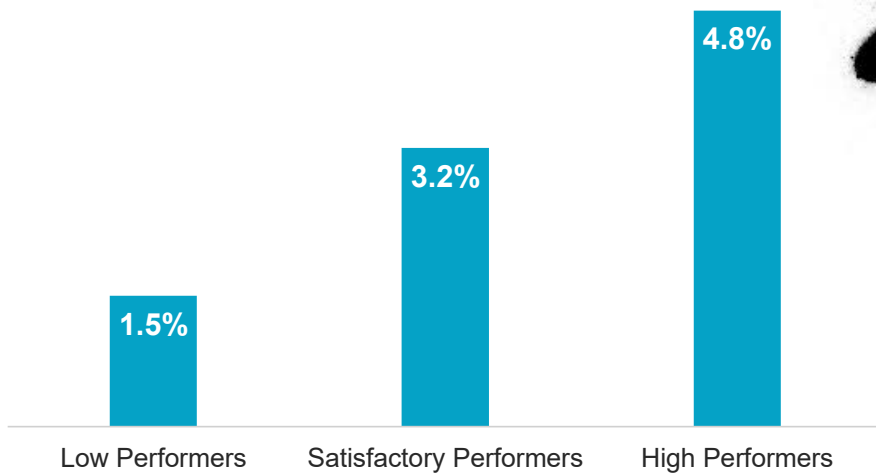
COMPENSATION PRACTICES

Pay for Performance Increases

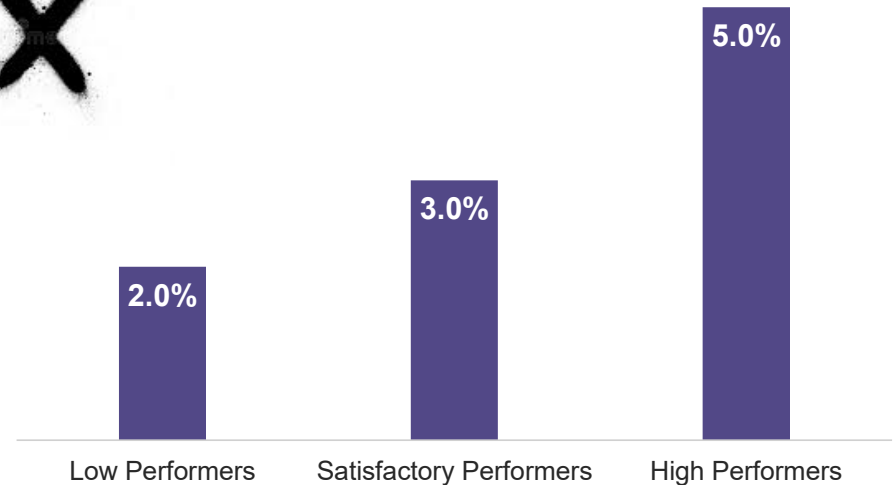
QUESTION: What will your organization's base salary increase be for the next review period, by performance level?

Organizations continue to strategically allocate budget dollars this year to differentiate high performers.

**Average Increase (%)
by Performance Level**



**Median Increase (%)
by Performance Level**



N=411

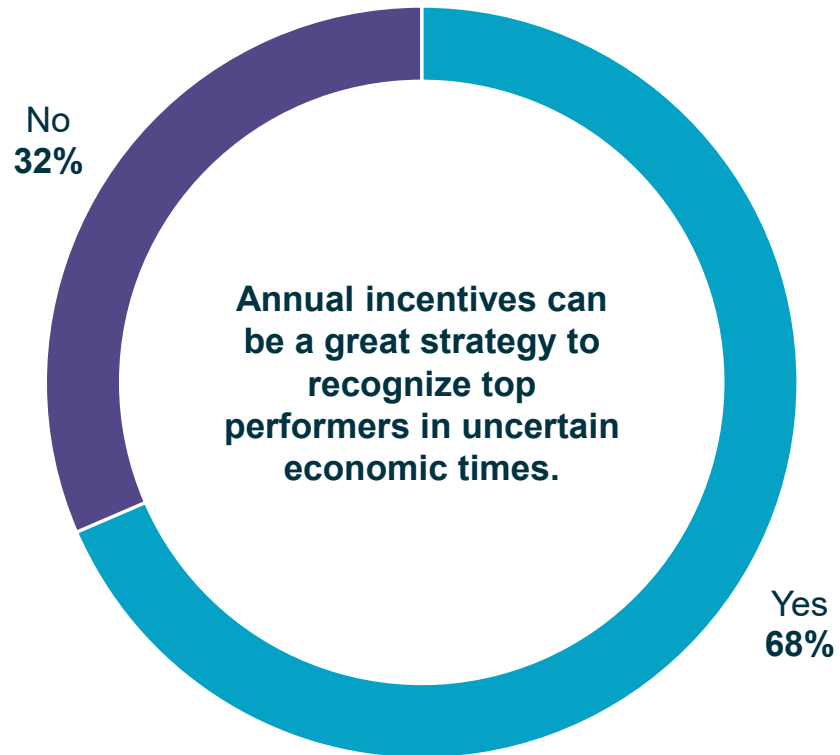
COMPENSATION PRACTICES

Short-Term Incentive Prevalence

QUESTION: Does your organization provide short-term (annual) incentive or bonus compensation to eligible employees?

Sixty-eight percent of organizations reported providing short-term (annual) incentive or bonus compensation to eligible employees.

Increased use of incentive or bonus compensation continues to be a strategy leveraged by organizations in response to the competitive labor market.



N=533

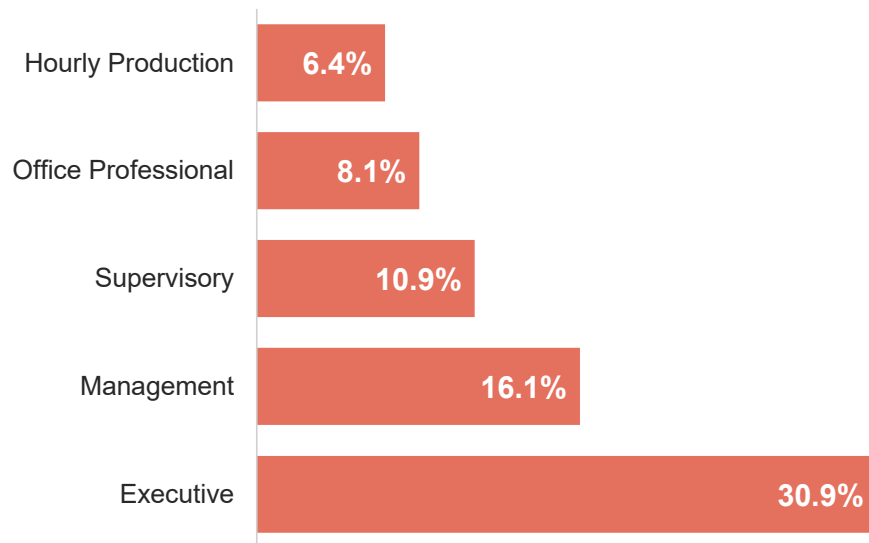
COMPENSATION PRACTICES

Short-Term Incentive Pay Opportunity

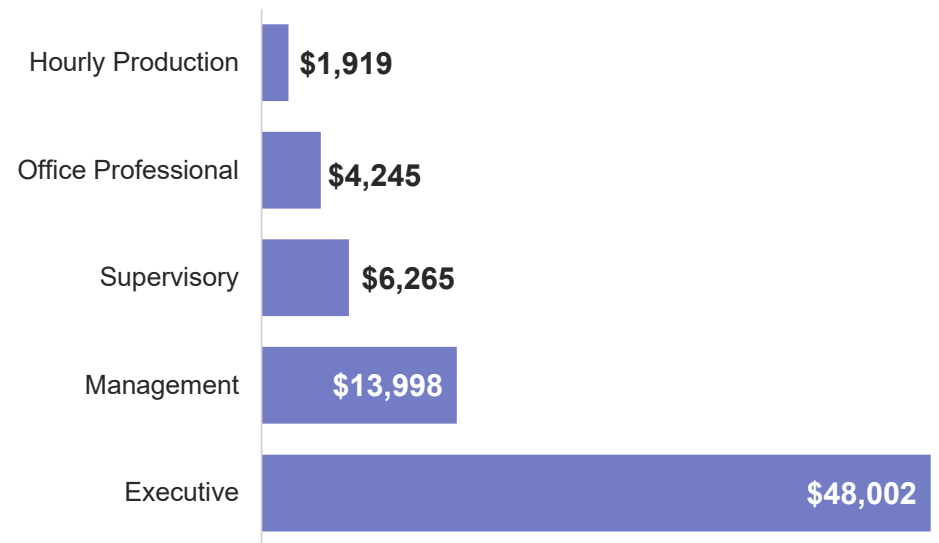
QUESTION: What is the average target 2023 annual short-term incentive pay opportunity for each employee group?

Short-term incentive pay targets continue to be highest among executives and management and serve as an integral part of the annual compensation package. In 2023, we continue to see short-term incentive target opportunities across all employee groups.

2023 Average Target Incentive Opportunity (%)



2023 Average Target Incentive Opportunity (\$)



N=533

COMPENSATION PRACTICES

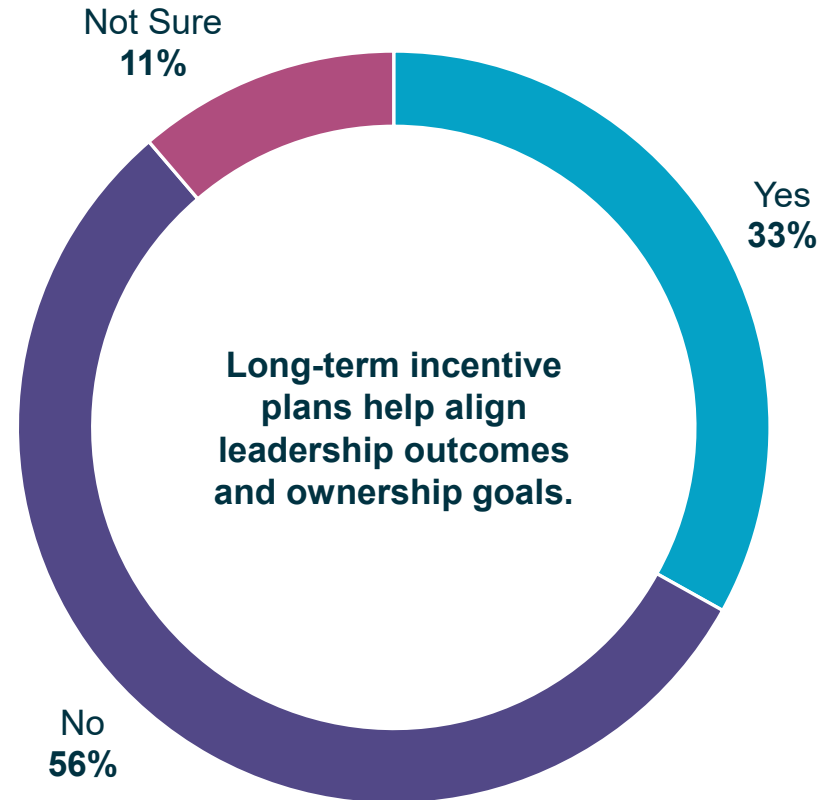
Long-Term Incentive Plan Prevalence

QUESTION: Does your organization provide long-term incentive compensation to eligible employees?

One-third (33%) of organizations reported utilizing a long-term incentive program (LTIP) to reward for long-term performance.

As organizations grow by number of full-time employees (FTE) and annual revenue size, they are more likely to utilize an LTIP.

From an industry perspective, Finance, Banking and Insurance sectors are more likely than other groups to have an LTIP for their organization.



N=523

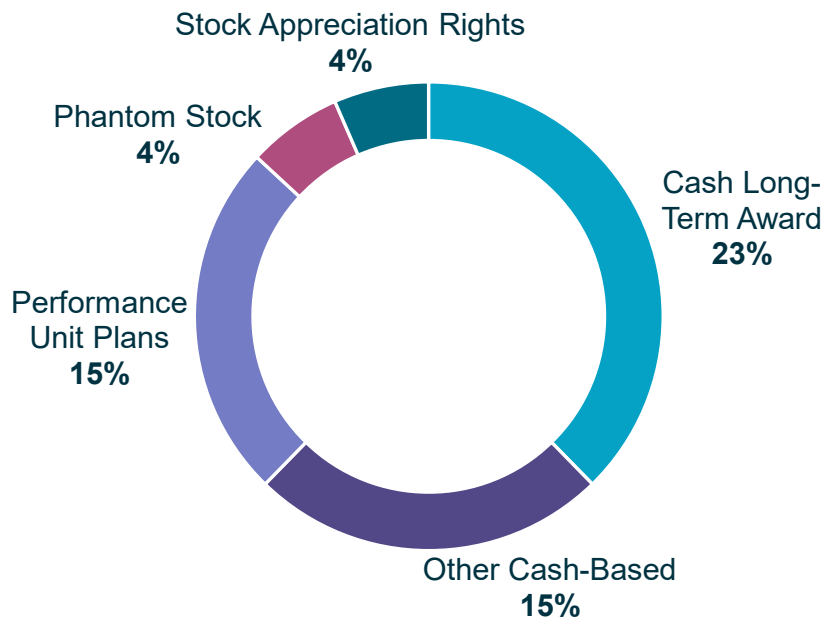
COMPENSATION PRACTICES

Long-Term Incentive Plan Vehicles

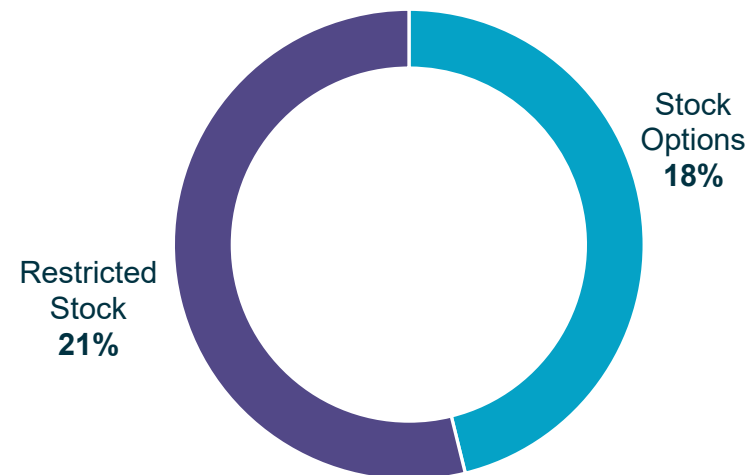
QUESTION: Which long-term incentive vehicles are offered to eligible employees?

Among the one-third (33%) of organizations that provide an LTIP opportunity to executives and other key employees, 61% provide cash-based plans and 39% provide equity-based plans.

Prevalence of Cash-Based LTIP Vehicles (61%)



Prevalence of Equity-Based LTIP Vehicles (39%)



N=166

Poll Question #3: Challenges

On the flip side:



Benefits

Retirement Plans

BENEFITS – RETIREMENT PLANS

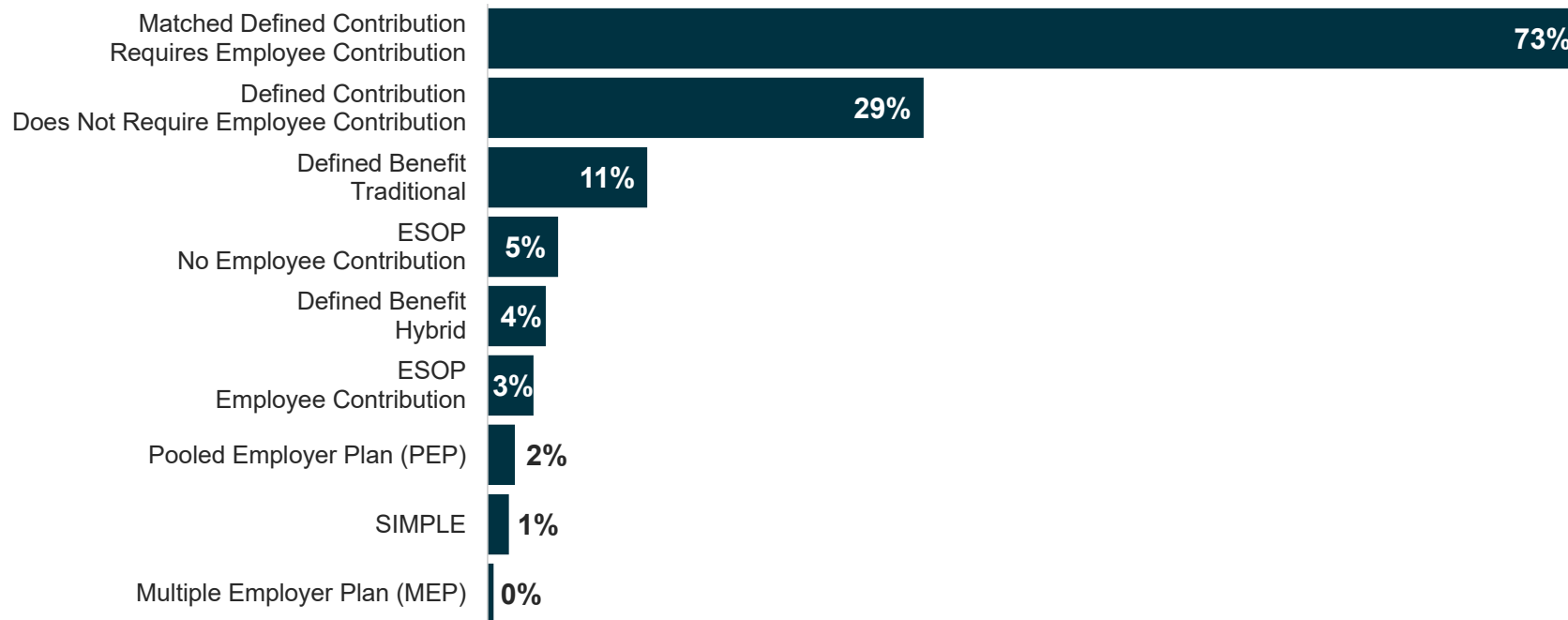
Retirement Plan Prevalence and Options

QUESTION: Does your organization offer a qualified retirement plan?

Ninety-five percent (95%) of organizations reported offering a qualified retirement plan.

QUESTION: What type of qualified retirement plan(s) do you offer?

The most prevalent types of retirement plans include matched defined contribution plans requiring employee contribution and defined contribution plans not requiring employee contribution. Some organizations offer more than one plan type.



N=487

BENEFITS – RETIREMENT PLANS

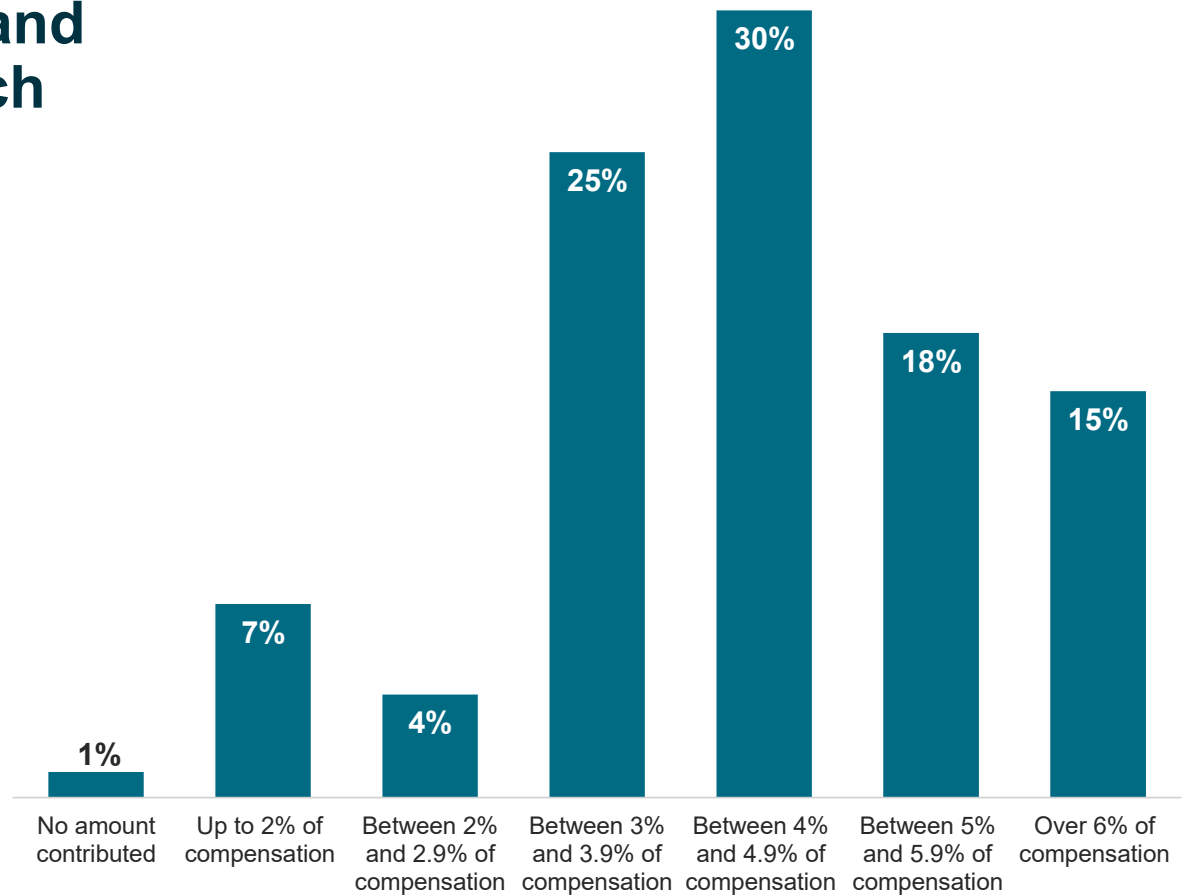
Matching Contributions and Maximum Company Match

QUESTION: Does your company offer matching contributions?

83% offer matching contributions

QUESTION: For your organization's defined contribution plan, what is the maximum match available under your formula?

Most organizations (55%) offer maximum matching contributions between 3% and 4.9% of compensation for their defined contribution plan. One third (33%) of organizations report offering matches above 5% of compensation.



N=407

BENEFITS – RETIREMENT PLANS

Maximum Company Match by Industry

QUESTION: For your organization’s defined contribution plan, what is the maximum match available under your formula?

Across industries, most organizations offer maximum matching contributions between 3% and 4.9% of compensation for their defined contribution plan. Half of the organizations in the Finance Banking & Insurance sectors offer a maximum match over 5%.

	Overall	Construction, Real Estate & Energy Utility	Finance, Banking & Insurance	Education, Government & Not-for-Profit	Healthcare	Manufacturing, Distribution & Transportation	Professional Service & Technology	Restaurant, Retail & Other Services
No amount contributed	1%	0%	0%	0%	4%	0%	2%	2%
Up to 2% of compensation	7%	13%	2%	6%	7%	8%	7%	11%
Between 2% and 2.9% of compensation	4%	4%	0%	6%	0%	9%	3%	3%
Between 3% and 3.9% of compensation	25%	15%	20%	20%	37%	29%	29%	22%
Between 4% and 4.9% of compensation	30%	33%	28%	22%	24%	33%	36%	31%
Between 5% and 5.9% of compensation	18%	19%	30%	18%	22%	13%	9%	17%
Over 6% of compensation	15%	17%	20%	28%	7%	10%	14%	15%
N =	407	48	60	50	46	80	58	65

BENEFITS – RETIREMENT PLANS

Retirement Plan Contribution Change

QUESTION: If your organization has a retirement plan contribution, how will it compare to last year?

The large majority (89.5%) of organizations reported retirement plan contributions will remain the same as the previous year. 8.5% of organizations will be increasing contributions. Only 1% will be decreasing and no organizations will be suspending contributions.



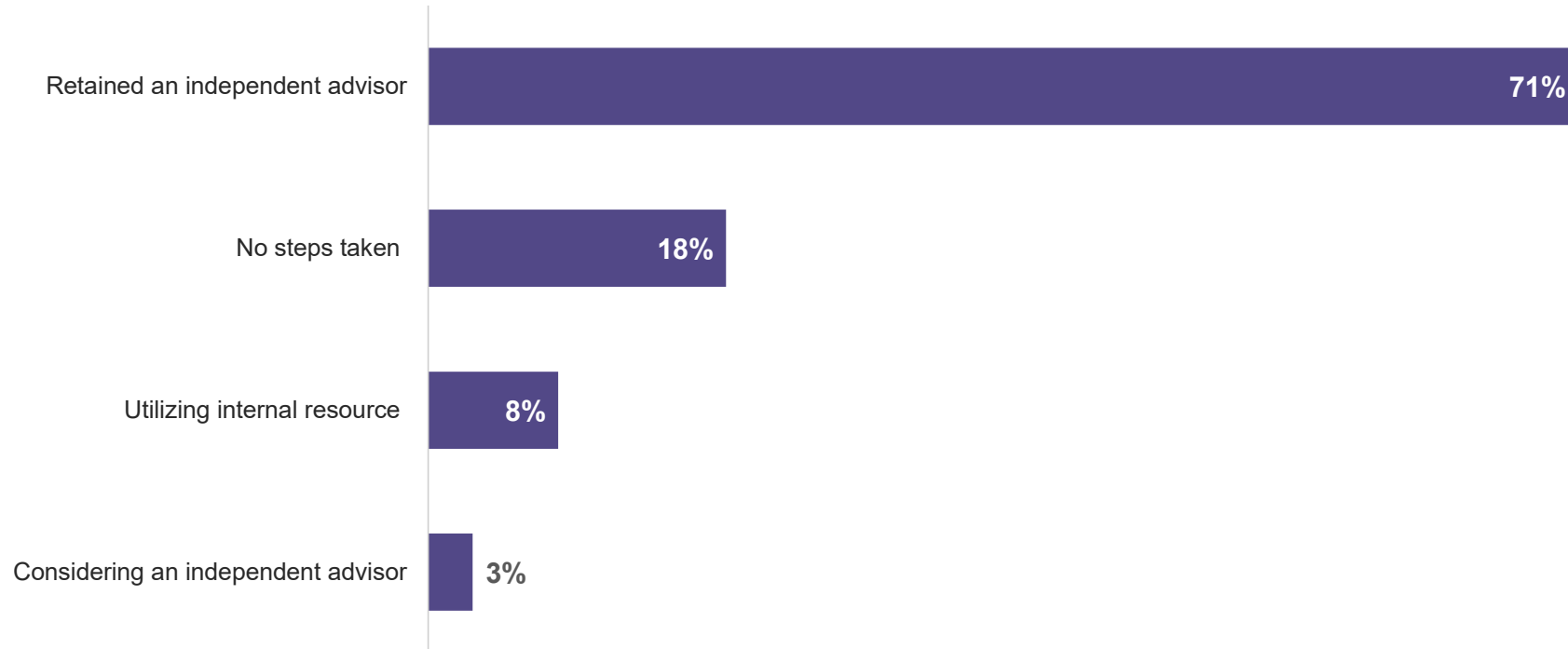
N=410

BENEFITS – RETIREMENT PLANS

Fiduciary Guidance

QUESTION: What approach has your organization taken for defined contribution plan fiduciary guidance?

Plan sponsors have retained an independent advisor in 71% of organizations with 3% considering for the future.



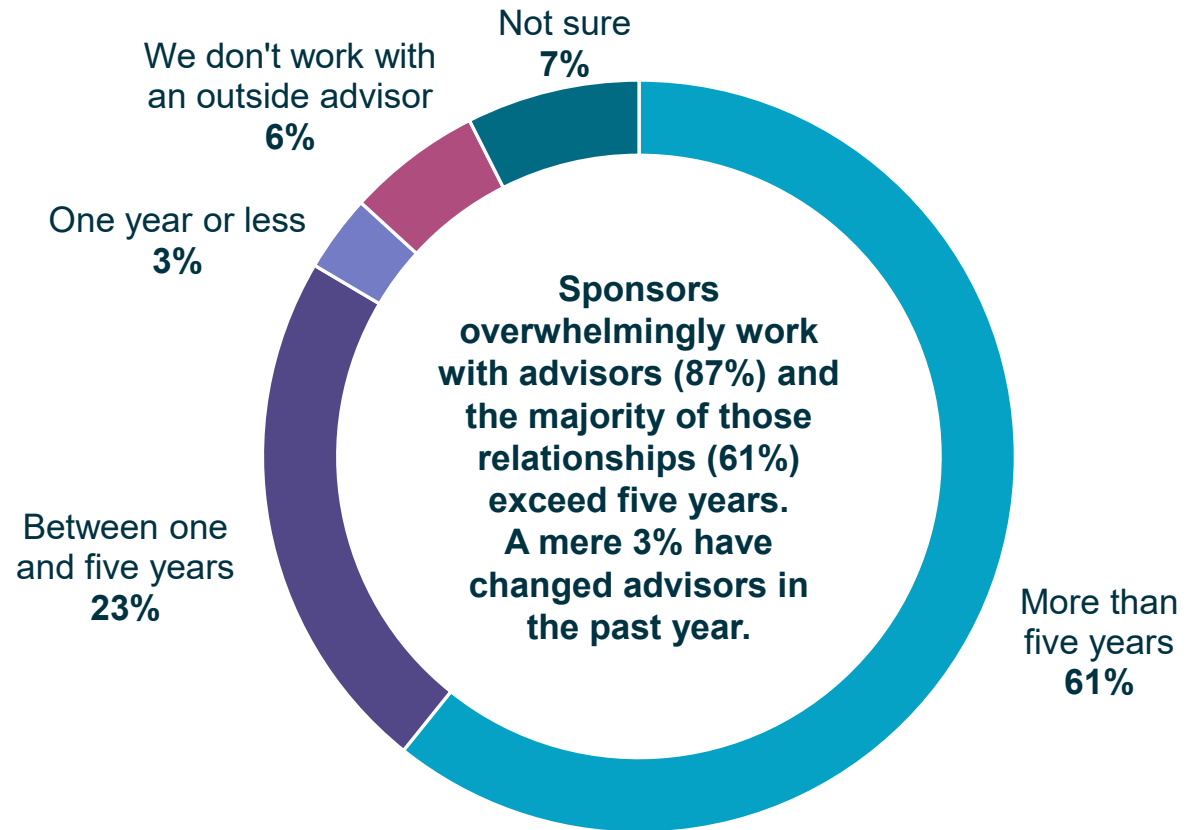
N=474

BENEFITS – RETIREMENT PLANS

Outside Advisor Relationship

QUESTION: How long have you been working with the same outside advisor?

Sixty-one percent (61%) report working more than five years with the same outside advisor.



N=484

Poll Question #4: Committee Time

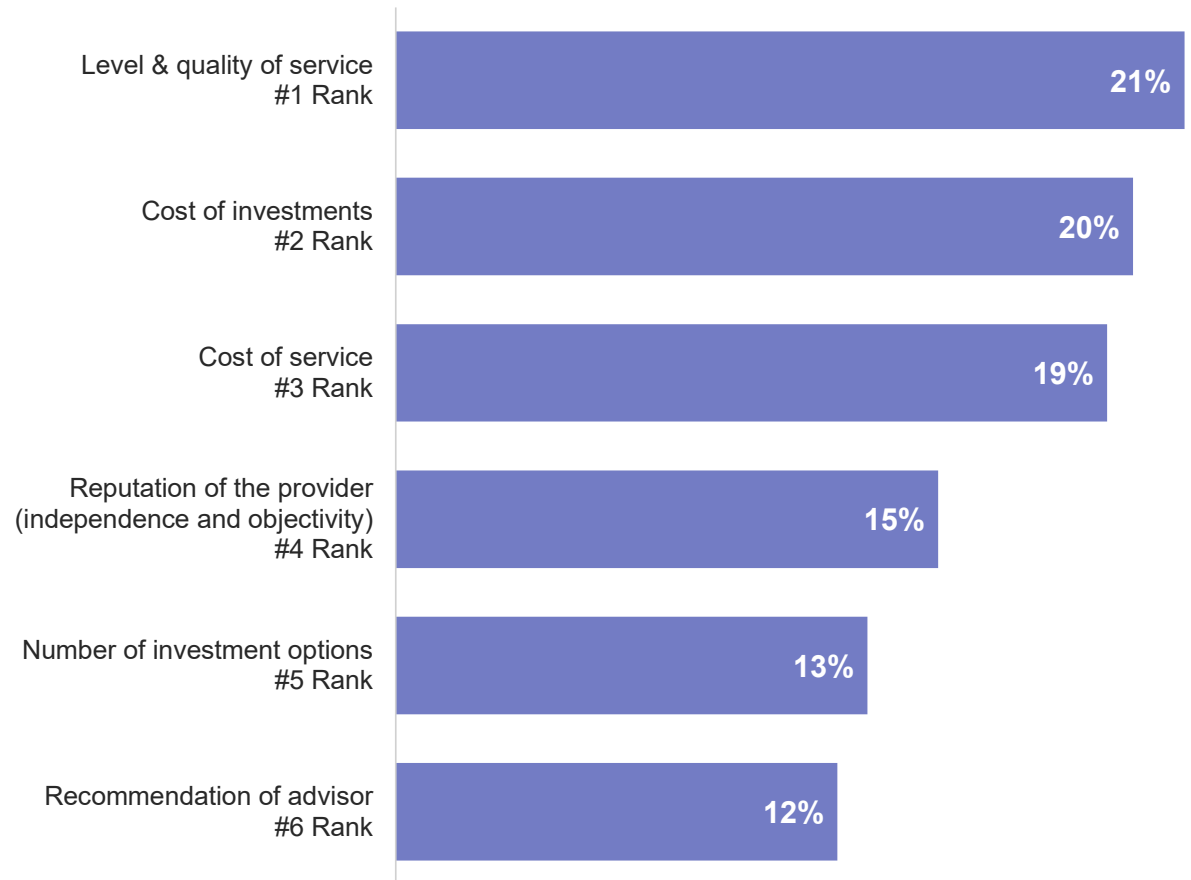
On the flip side:

BENEFITS – RETIREMENT PLANS

Evaluating Retirement Plan Services

QUESTION: Which of the following factors is MOST important in evaluating retirement plan offerings?

In 2023, organizations continue to rank the level and quality of service as the most important factor in evaluating retirement plan offerings. The cost of investments follows as the second most important factor and the cost of service ranks third in evaluating retirement plan offerings.



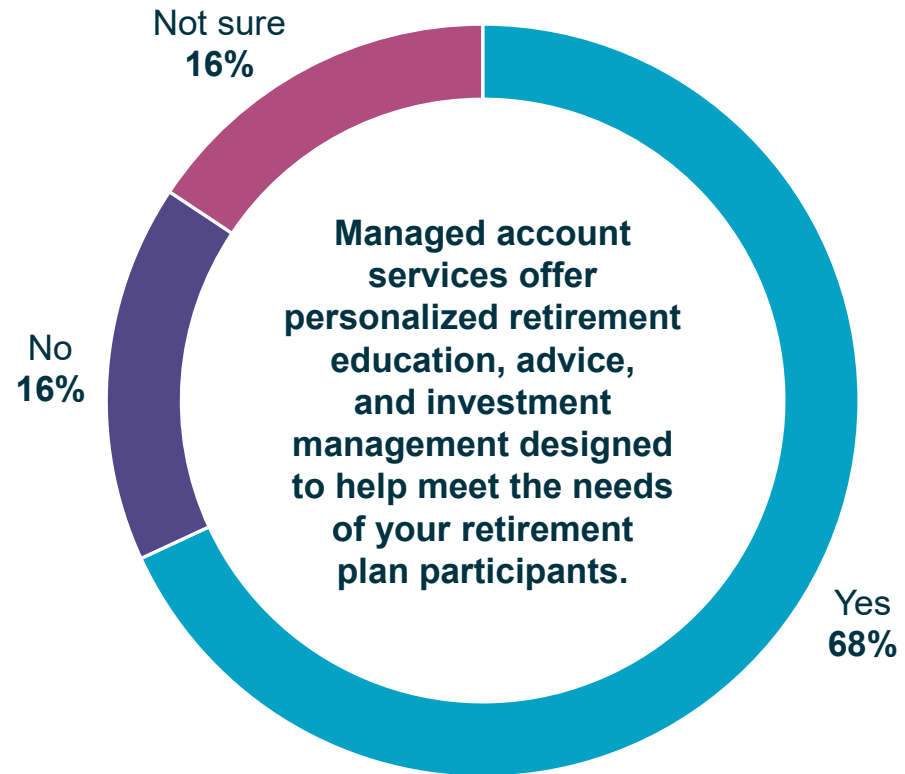
N=441

BENEFITS – RETIREMENT PLANS

Professionally Managed Accounts

QUESTION: Does your plan offer professionally managed accounts?

The majority of organizations, approximately 68%, report offering professionally managed retirement plan accounts.



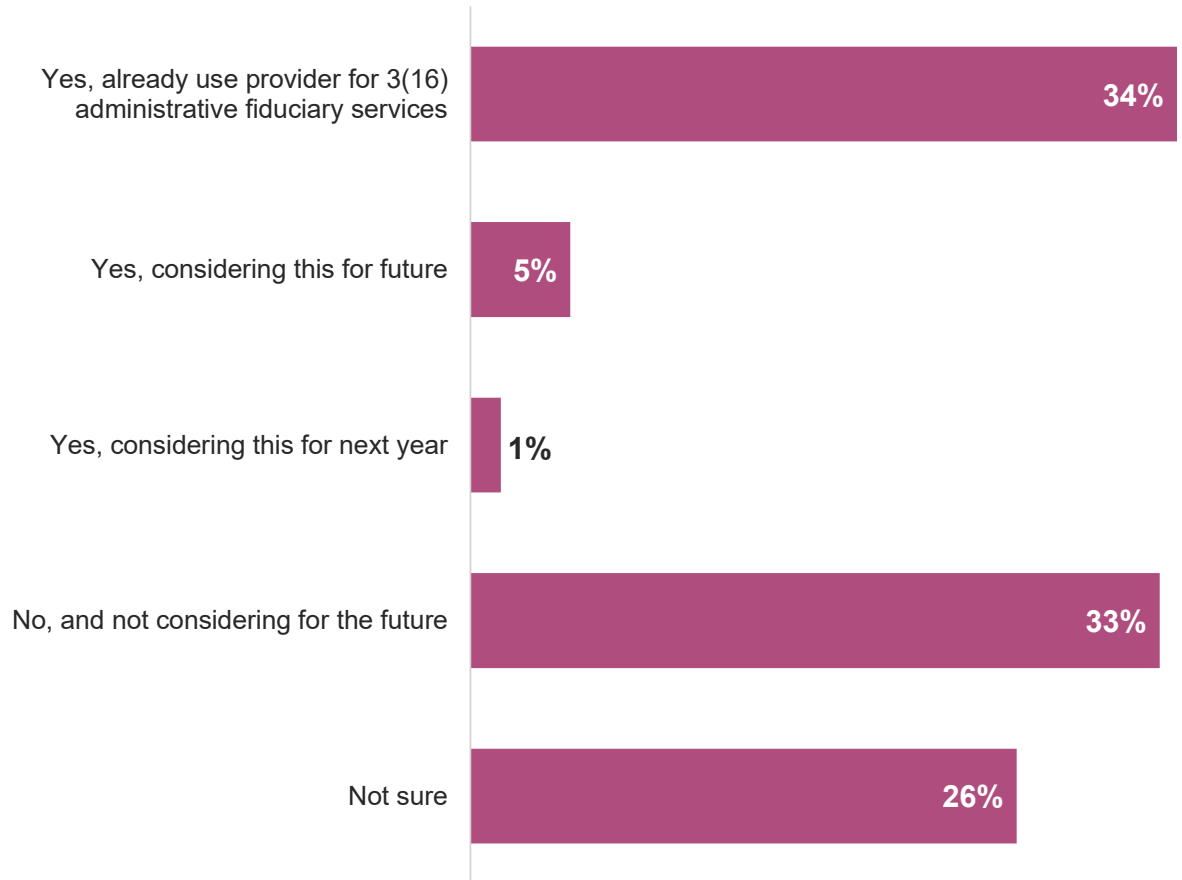
N=486

BENEFITS – RETIREMENT PLANS

3(16) Administrative Fiduciary Services

QUESTION: Would the services of a 3(16) administrative fiduciary be of interest to you to manage the administration, fiduciary, and reporting responsibilities of your organization's retirement plan?

Plan sponsors used a provider for 3(16) services in 34% of organizations with 6% considering for next year or the future. These percentages are higher than last year, indicating a growing need.



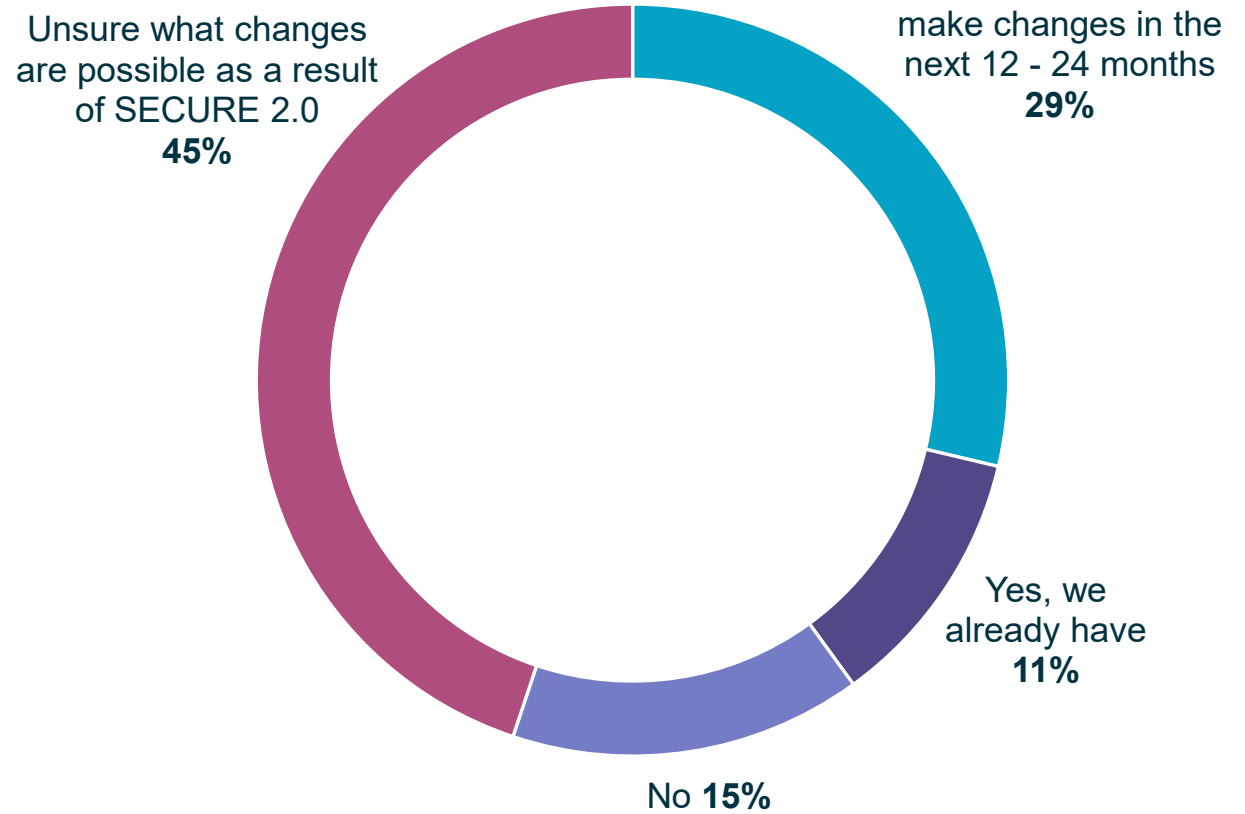
N=478

BENEFITS – RETIREMENT PLANS

Plan Design Changes

QUESTION: Will your organization make any plan design changes in light of SECURE 2.0?

Forty-five percent (45%) of organizations reported being unsure of changes possible in light of SECURE 2.0 especially since the requirement has been moved out two years.



N=495



Benefits

Nonqualified Plans

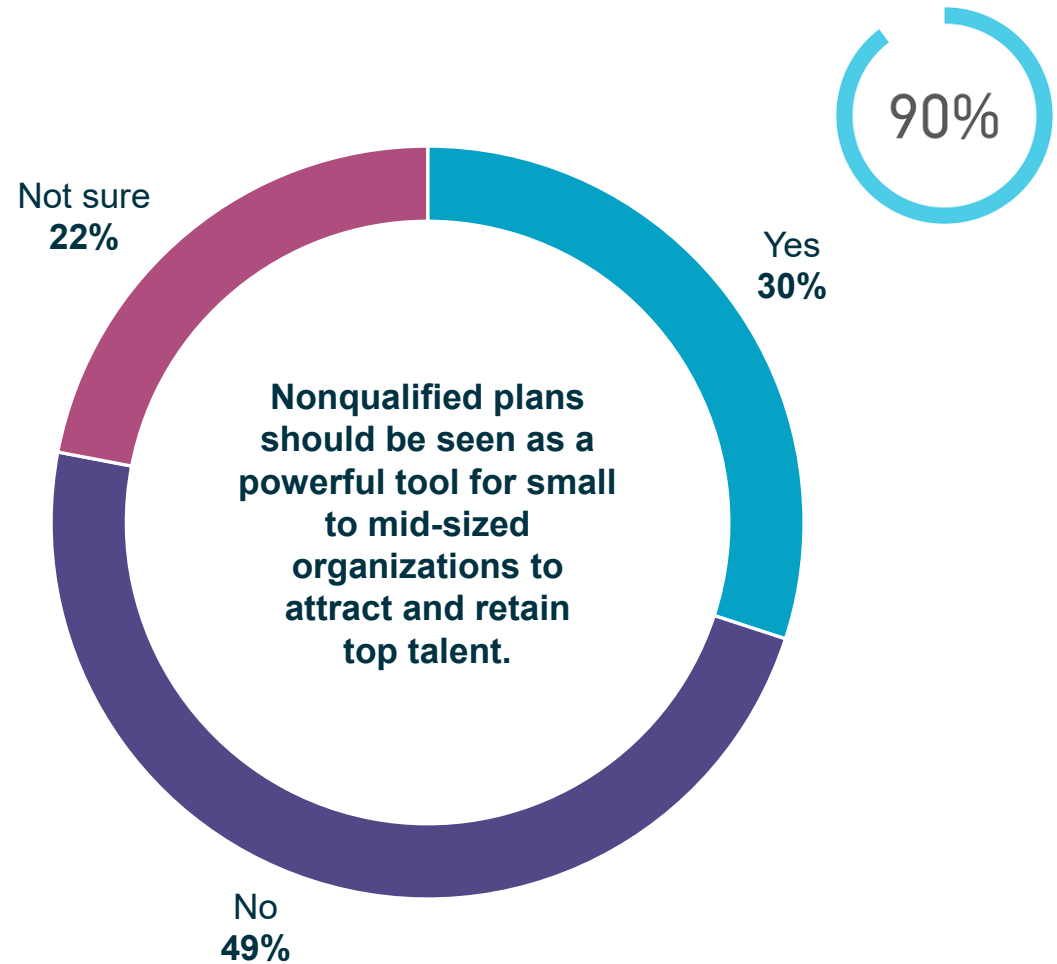
BENEFITS – NONQUALIFIED PLANS

Nonqualified Plan Prevalence

QUESTION: Does your organization offer a Nonqualified Deferred Compensation, Nonqualified Defined Benefit, or other Key Person benefit plan?

With the sample size of this report slanted towards small to mid-sized companies, thirty percent (30%) of organizations reported offering a Nonqualified Deferred Compensation, Nonqualified Defined Benefit, or other Key Person benefit plan. When large companies are surveyed as in Newport's Executive Benefits Survey, this number is above 90%. This survey showed close to 70% of large companies have NQDC plans.

Nonqualified plans can make a big difference in terms of attracting talent from larger companies.



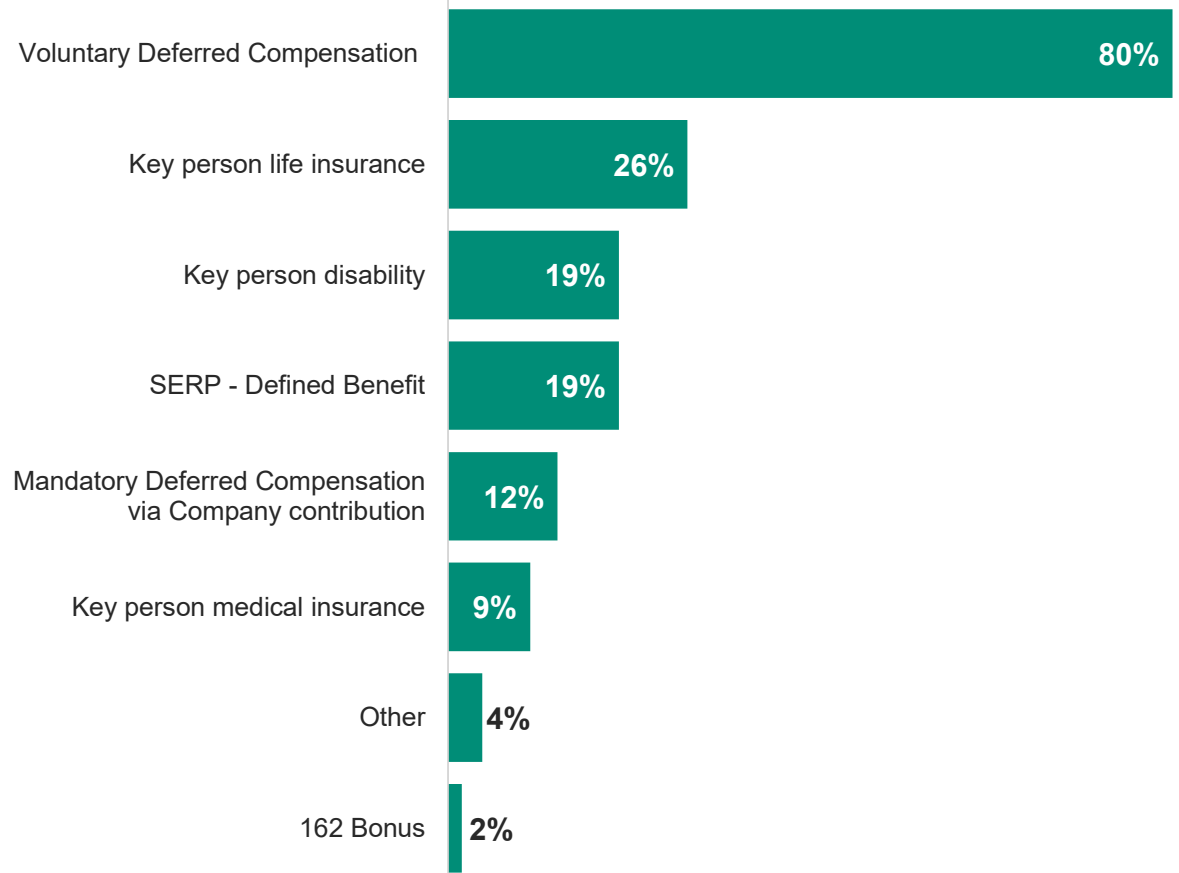
N=507

BENEFITS – NONQUALIFIED PLANS

Nonqualified Benefits Programs

QUESTION: Does your company offer the following nonqualified benefit programs?

Of the organizations offering nonqualified benefit programs, the most prevalent types include voluntary deferred compensation (80%), key person life insurance (26%) and key person disability (19%).



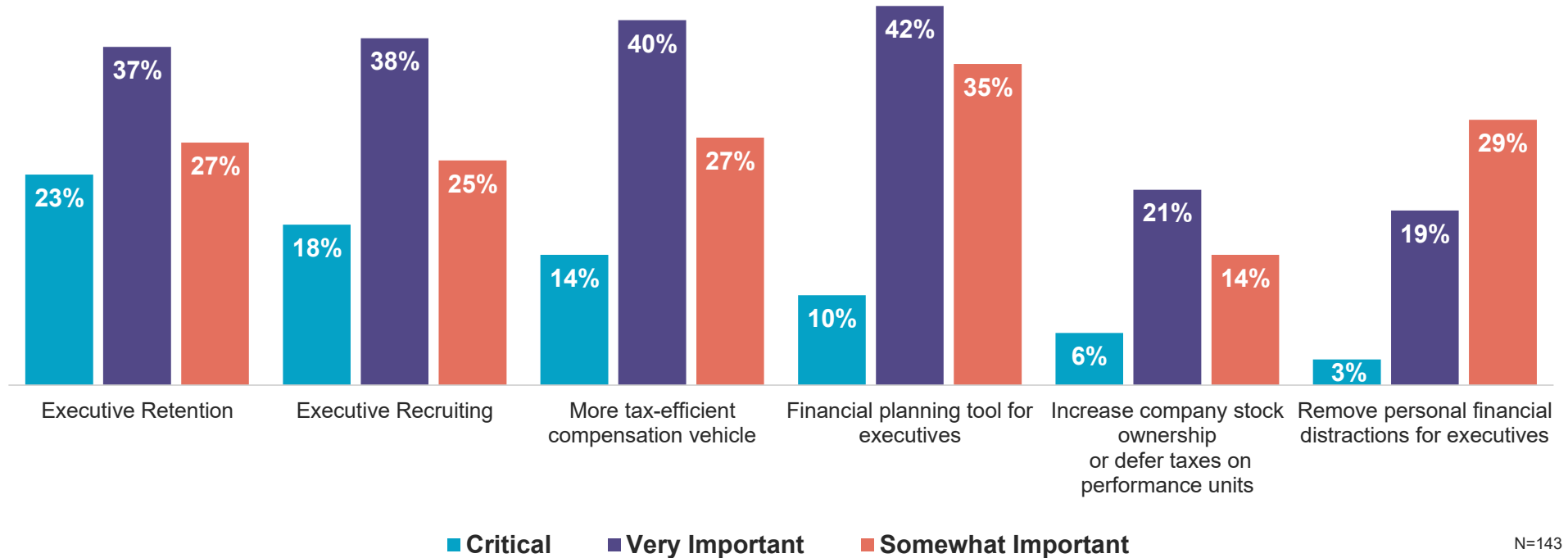
N=133

BENEFITS – NONQUALIFIED PLANS

Nonqualified Plan Importance

QUESTION: How important are your non-qualified benefit programs for each of the following?

Organizations report that nonqualified benefits programs are critical to very important for executive recruiting and retention, as well as being a tax-efficient compensation and financial planning vehicle for executives.

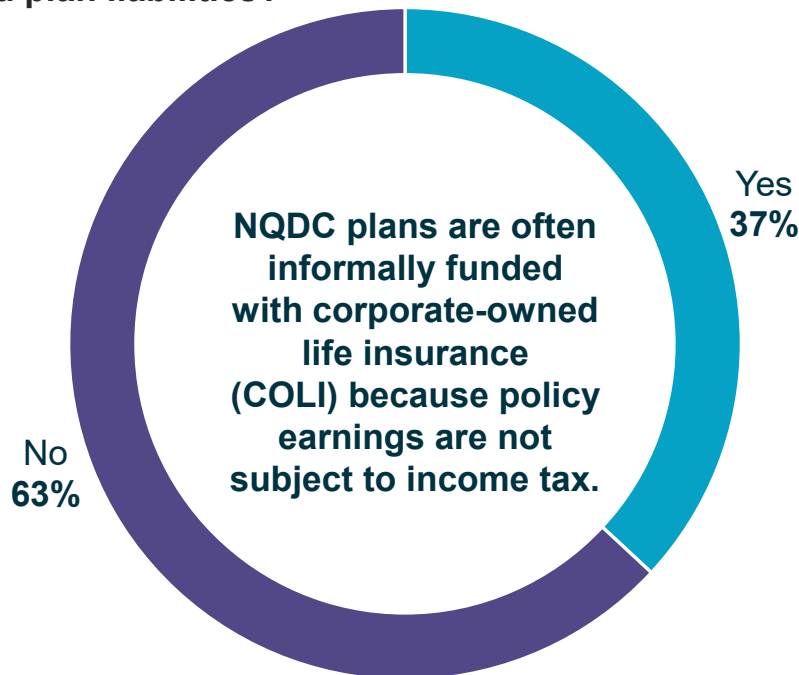


N=143

BENEFITS – NONQUALIFIED PLANS

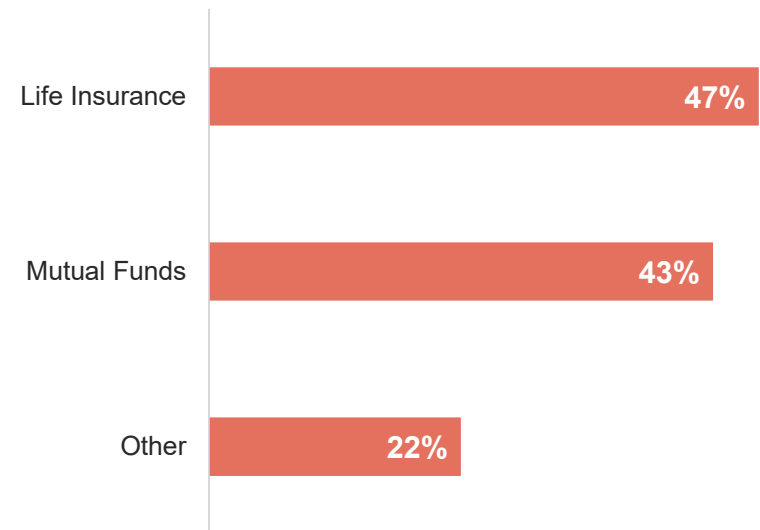
Funding Nonqualified Plan Liabilities

QUESTION: Does your company set aside company assets to informally fund nonqualified plan liabilities?



QUESTION: Which assets does your company set aside to informally fund nonqualified plan liabilities?

Most organizations with nonqualified plans report setting aside life insurance (47%) to informally fund nonqualified plan liabilities, followed by mutual funds (43%).



N=51



Benefits

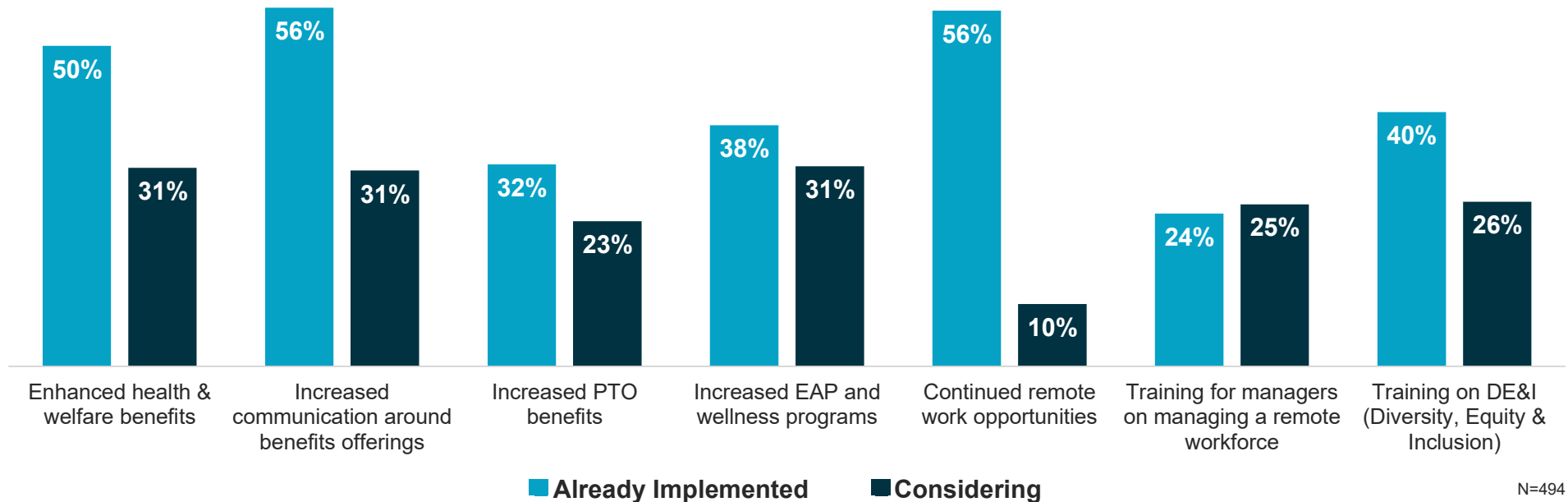
General Health and Welfare Benefits

BENEFITS – GENERAL HEALTH AND WELFARE BENEFITS

2023 Benefits Strategies

QUESTION: Which benefits strategies has your organization implemented or may be considering in today's highly competitive labor market?

Organizations have already implemented or are considering several benefits program strategies to attract and retain talent in today's highly competitive labor market. Continued remote work opportunities, increased communication around benefits offerings and enhanced health and welfare benefits have been reported as the most prevalent strategies implemented in 2023.

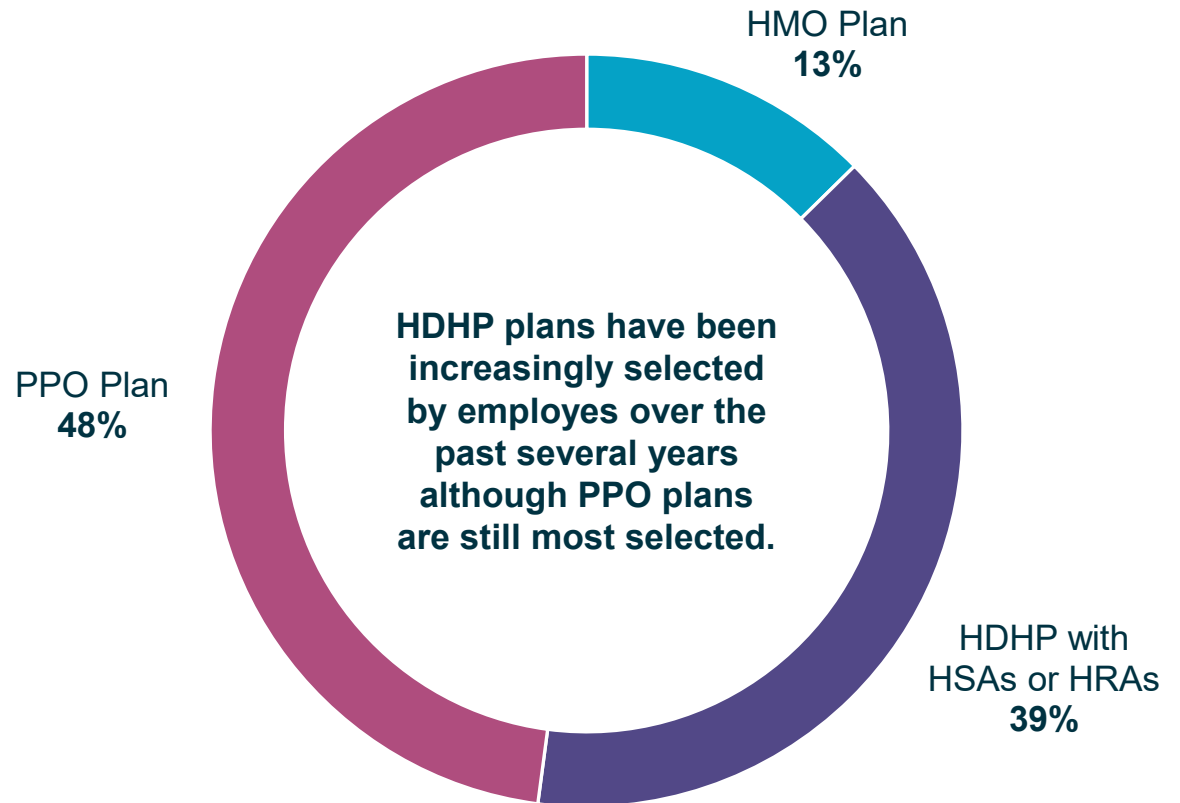


BENEFITS – HEALTH INSURANCE

Health Insurance Plan Preference

QUESTION: For your most recent open enrollment, which of the following health insurance options was selected by the largest number of employees?

Similar to recent years, PPO Plans continue to be the most popular option selected by employees during open enrollment. Overall, just under half of employees (48%) selected PPO Plans, followed by 39% High Deductible Health Plans and the fewest (13%) selecting HMO Plan options.



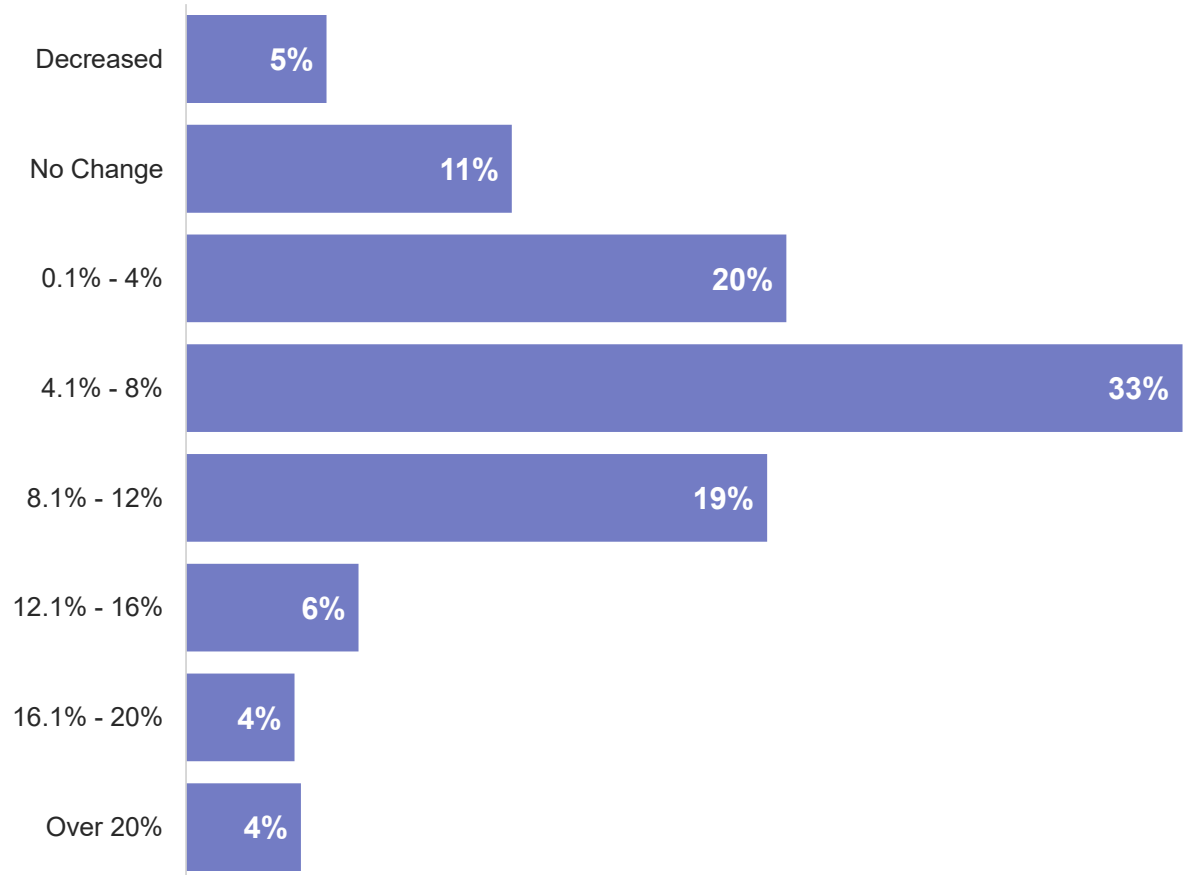
N=484

BENEFITS – HEALTH INSURANCE

2023 Health Insurance Cost Change

QUESTION: What was the average percentage change in your health insurance plan costs for the 2022 plan year?

While most employers (84%) saw an increase in health plan costs in 2023, the largest percentage of employers (33%) reported increases from 4.1% up to 8%. Over half saw an increase between 4.1% to 12%.



N=476

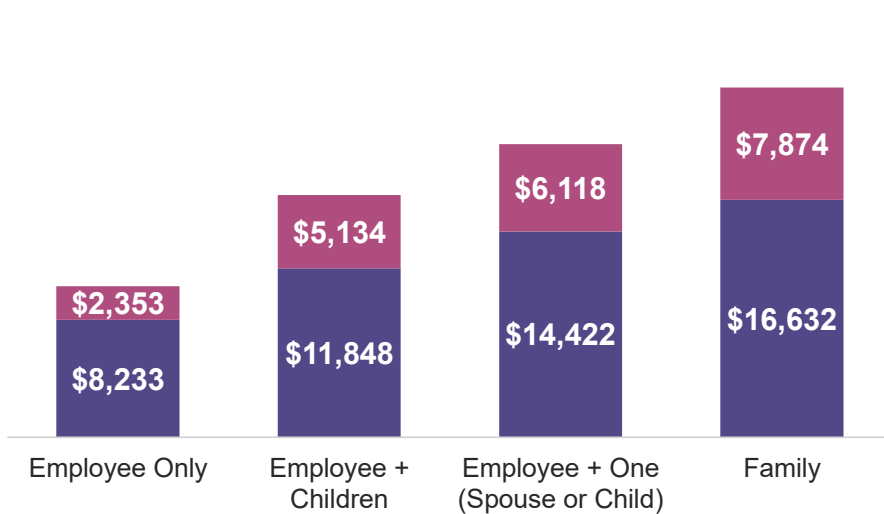
BENEFITS – HEALTH INSURANCE

Health Insurance Annual Premium Costs

QUESTION: For the health insurance option selected by the majority of your employees, what is the premium paid by the employer and the employee?

Employers tend to cover more of the proportional cost of employee-only coverage. When dependents are included, employers share more of the premium costs with employees, increasing proportionately as the number of dependents increase.

Average Total Annual Premium (\$)



Average Total Annual Premium (%)



■ Employee Share of Premium

■ Average Employer Annual Premium

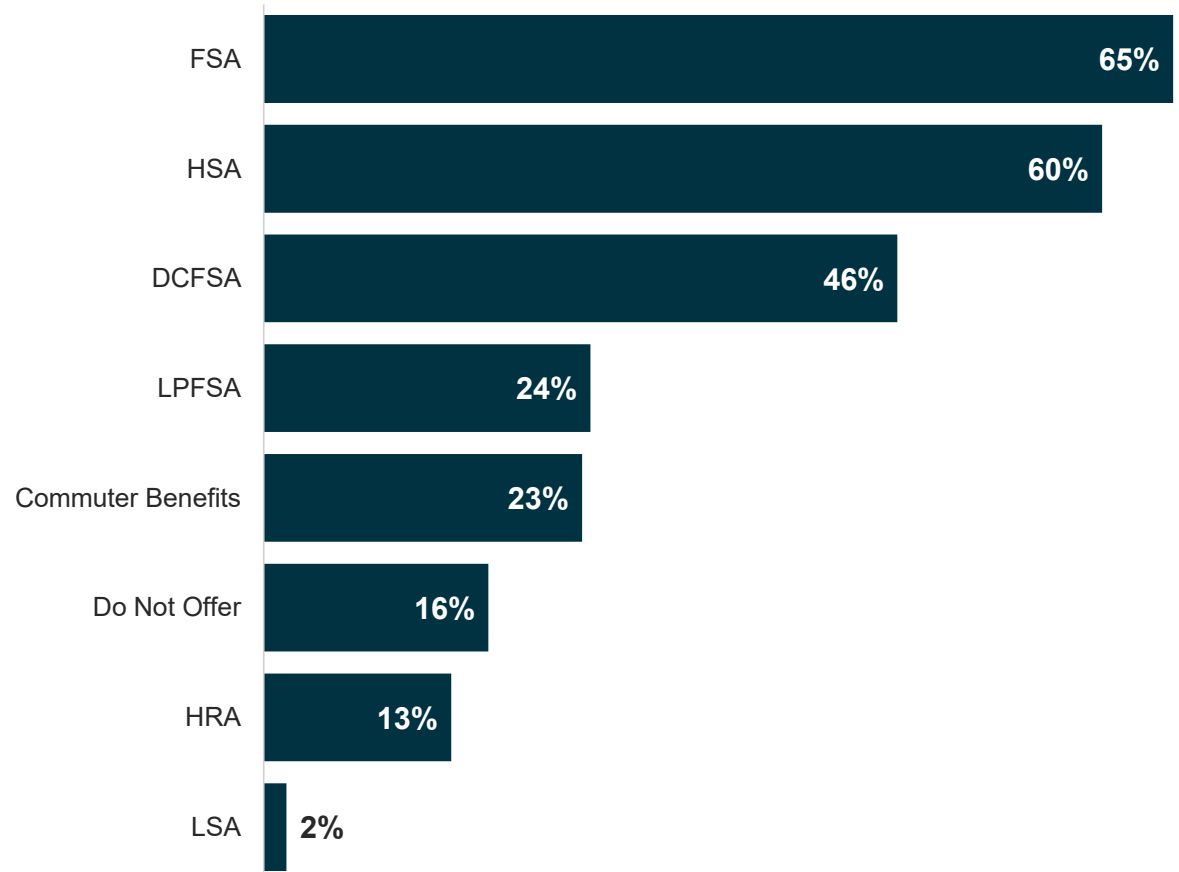
N=392

BENEFITS – HEALTH INSURANCE

Tax-Advantaged Savings and Spending Accounts

QUESTION: Which of the following tax-advantaged savings and spending accounts does your organization offer?

Health Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA) are offered by more than 60% of organizations participating in our survey. Nearly one-half offer Dependent Care Flexible Spending Accounts (DCFSA). LSAs (Lifestyle Spending Accounts) are a unique new benefit and are a means for employers to help their employees pay for health and wellness expenses, and sometimes other costs that aren't typically covered under a group health plan. Employers who offer an LSA choose what expenses get reimbursed and how much each employee gets.



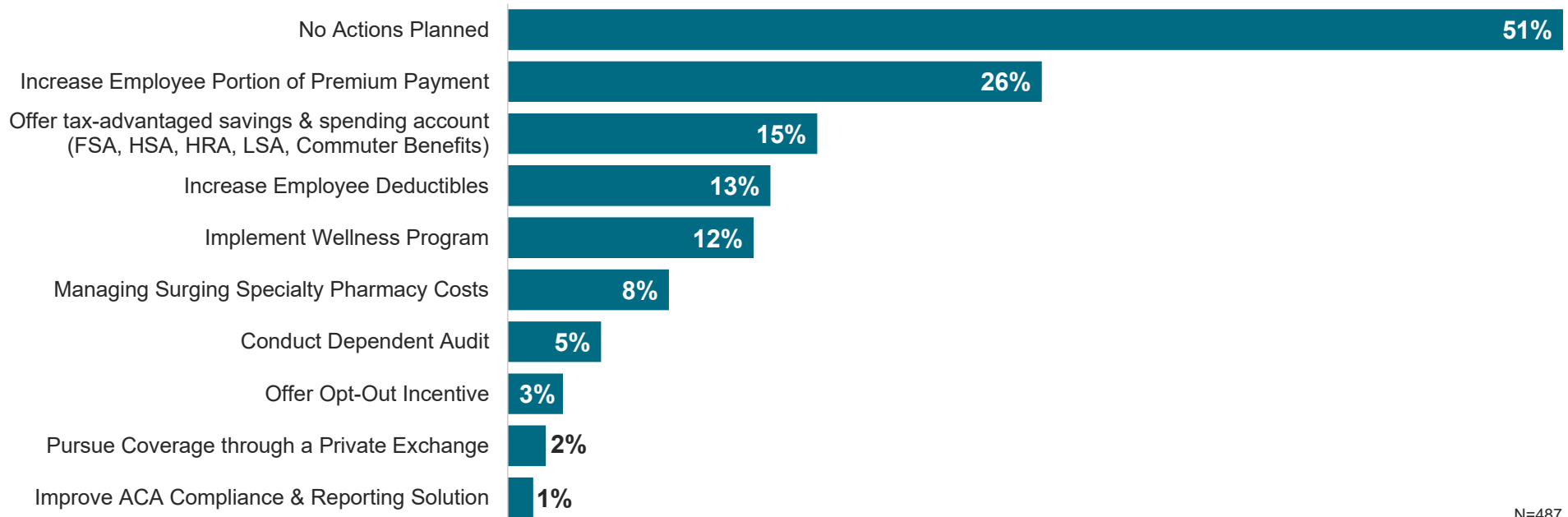
N=489

BENEFITS – HEALTH INSURANCE

Plans to Address Health Care Costs

QUESTION: What actions do you plan to take for the 2024 plan year to address health care costs?

Approximately 51% of organizations reported no actions planned to address health care costs in 2024. For those organizations taking action, increasing the employee portion of premium payments is the most prevalent action, followed by offering tax-advantaged savings and spending accounts.



N=487

Summary

In today's labor market, organizations that successfully leverage their compensation & benefits programs gain competitive advantage in recruiting and retaining top talent.

Challenges

Navigating the uncertainty

Keeping employee pay competitive

Aligning executive compensation with strategic goals

Ensuring employees stay on track with retirement goals

Leveraging NQ plans to create valuable financial planning tools for participants

Adapting Health & Welfare plans to meet changing needs of employees and their dependents

Action Items

Employers, download a copy of our **Executive Summary** and **Full Report** for details by industry, region & company size

Keep Benchmarking

Advisors, share a copy of the **Executive Summary** with plan sponsors

Download a copy of our **Newport/PLANSponsor Executive Benefits Survey 2022** Edition on our website

Ask employees what matters to them most in their total rewards package

Q & A Time!



Ask Questions

Submit questions using the Q&A icon.



Download the Materials

We will post links in the chat to important material including the executive summary, today's slide presentation and other useful information.



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Complete a brief survey at the end of today's webinar so we can incorporate your feedback in future events



Watch Again

We will send you an email when the webinar recording is available. The links to download the executive summary and slide presentation will be included.

Poll Question #5: SHRM / HRCI Credits

On the flip side:



Thank you.

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