

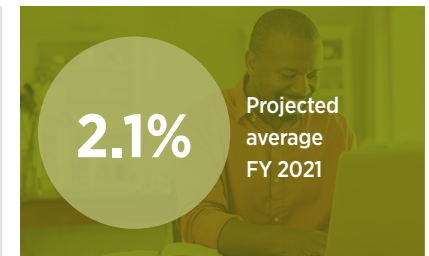
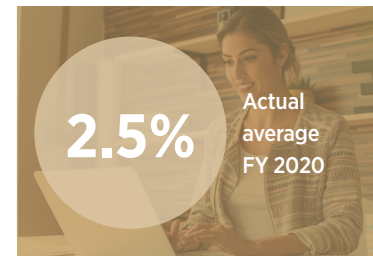
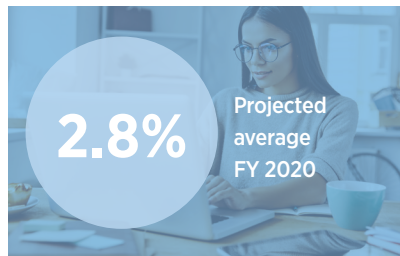
## 2020/2021 SALARY PLANNING SURVEY

Market reactions to the pandemic and the economic downturn that followed have had a profound effect on employee and organizational wellbeing. A previously tight labor market started to unwind in 2020 with increased furloughs, workforce reductions, hiring freezes and changes to salary budgets. But specific measures have been applied at different levels by different employers. Find an approach that's right for your organization with insights from Gallagher's Salary Planning Survey.

The world has been reconditioned to expect the unexpected in 2020. But no matter what lies ahead, employers whose total rewards strategies can be readily reconfigured to align with workforce trends will be better prepared.

We can help. Contact your local Gallagher consultant or visit [ajg.com/2020-US-SPS](http://ajg.com/2020-US-SPS) to learn more.

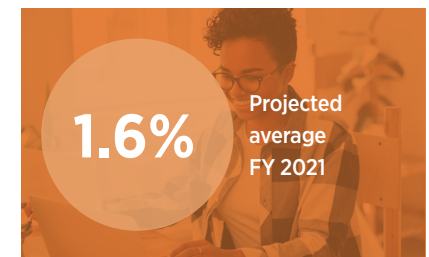
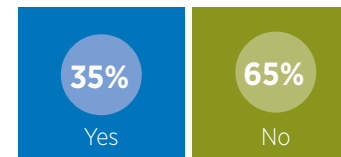
### MANY EMPLOYERS ARE TAKING A MORE CONSERVATIVE APPROACH TO SALARY INCREASE BUDGETS.



### MOST THAT USE SALARY STRUCTURES HAVE SCALED BACK THEIR INITIAL PLANS FOR INCREASES.



Made changes to FY 2021 salary structure increase plans due to COVID-19



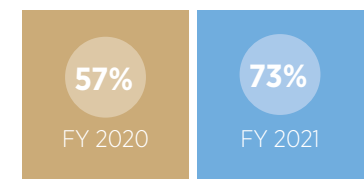
### AS AN ALTERNATIVE, VARIABLE PAY CAN SAVE MONEY AND SERVE AS AN INVESTMENT IN FUTURE SUCCESS.

#### Benefits of variable pay

- 1 Increases employee productivity and the quality of their work
- 2 Links compensation to organizational success
- 3 Avoids long-term costs by not accruing the amount to base pay



Don't anticipate changes to variable pay budgets due to COVID-19

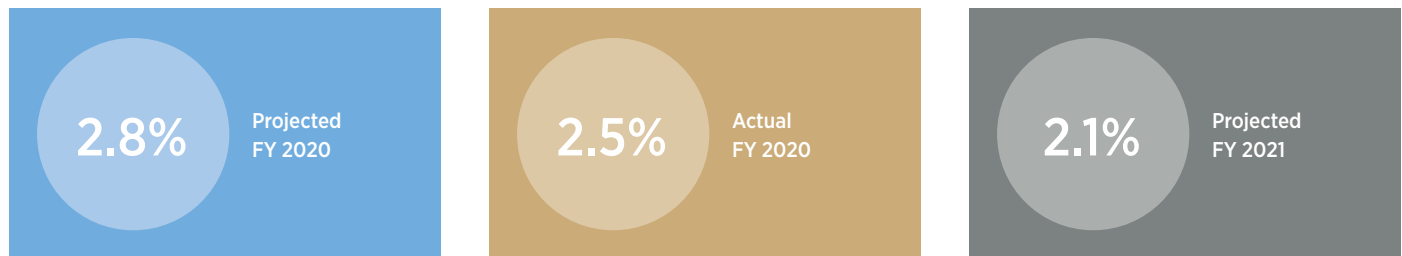


# SALARY INCREASE BUDGETS

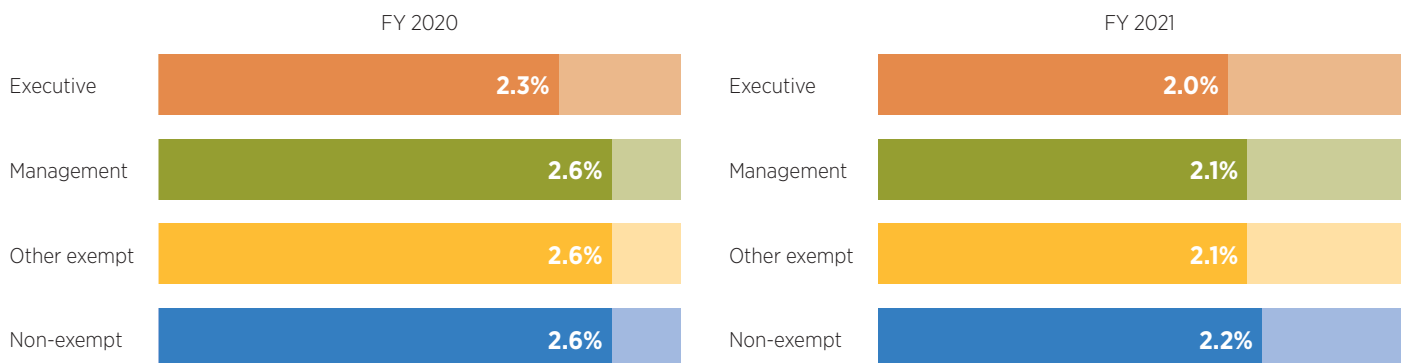
Salary increases were implemented by 66% of employers before the pandemic, but increase budgets have generally decreased in FY 2020. The actual average is 2.5% compared to a projected 2.8%, and the projected average increase for FY 2021 has dropped to 2.1%.

With the continuing economic uncertainty, salary increase plans for FY 2021 have already been affected for 45% of employers. Among this group, 51% expect to reduce salary increases, and 45% expect to suspend them entirely.

## AVERAGE SALARY INCREASES



## AVERAGE SALARY INCREASE BUDGETS BY EMPLOYEE GROUP



## SALARY INCREASE BUDGETS—EXECUTIVE

Excerpt from  
2020/2021 SALARY PLANNING SURVEY REPORT

### GENERAL OR COST-OF-LIVING ADJUSTMENT (COLA)\*

Category	ACTUAL FY 2020*			PROJECTED FY 2021		
	Base	Average	Median	Base	Average	Median
ALL	325	2.0%	2.0%	305	1.7%	2.0%
North Central	123	2.1%	2.5%	123	1.8%	2.0%
Northeast	53	2.0%	2.0%	51	1.5%	2.0%
South Central	42	1.9%	2.0%	40	1.7%	2.0%
Southeast	45	1.9%	2.0%	36	1.3%	0.5%
West	62	2.2%	2.5%	54	2.1%	2.5%
For Profit	115	1.8%	2.0%	111	1.6%	2.0%
Nonprofit	206	2.2%	2.3%	191	1.8%	2.0%
Under 100 FTEs	126	2.0%	2.0%	116	1.8%	2.0%
100 to 499 FTEs	125	2.1%	2.5%	122	1.7%	2.0%
500 to 999 FTEs	27	2.3%	2.0%	22	1.6%	2.0%
1,000 or more FTEs	46	2.0%	2.5%	45	1.8%	2.0%

### MERIT

Category	ACTUAL FY 2020			PROJECTED FY 2021		
	Base	Average	Median	Base	Average	Median
ALL	585	2.5%	3.0%	543	2.4%	3.0%
North Central	203	2.6%	3.0%	208	2.4%	3.0%
Northeast	105	2.3%	3.0%	94	2.3%	3.0%
South Central	113	2.4%	3.0%	95	2.3%	3.0%
Southeast	96	2.4%	3.0%	87	2.4%	2.7%
West	66	2.6%	3.0%	58	2.8%	3.0%
For Profit	337	2.3%	3.0%	328	2.4%	3.0%
Nonprofit	243	2.7%	3.0%	212	2.4%	2.5%
Under 100 FTEs	135	2.4%	3.0%	124	2.3%	3.0%
100 to 499 FTEs	200	2.5%	3.0%	179	2.4%	3.0%
500 to 999 FTEs	60	2.6%	3.0%	57	2.7%	3.0%
1,000 or more FTEs	189	2.4%	3.0%	181	2.4%	3.0%

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This is an excerpt from Gallagher's 2020/2021 Salary Planning Survey Report. To purchase the report, contact [compensationsurveys@ajg.com](mailto:compensationsurveys@ajg.com).