Buck Consultants Survey: 3 Percent Salary Increase the “New Normal”

Employers increase use of short-term incentives as cost-effective way to reward employees

NEW YORK, Nov. 8, 2012 – While employees may not see much improvement in base pay next year, the prevalence and size of short-term incentives has increased substantially, according to the sixth annual “Compensation Planning Survey” released by Buck Consultants, a Xerox Company (NYSE: XRX).

The survey analyzed responses from more than 350 organizations to determine trends in compensation for the coming year.

The median salary increase in 2013 will be 3 percent, as employers continue to be cautious with their salary budgets. Buck Consultants predicts that the new normal for salary increases will settle at this 3 percent level.

The expected size of short-term incentive awards forecast for 2013 is greater than the target payouts for 2012 and actual payouts in 2011 for all employee groups except CEOs. Employers see a bonus or other short-term incentive – a one-time expense as opposed to the annual expense of a salary increase – as a cost-effective approach for rewarding employees.

Hiring and retention bonuses are offered by more than half of the organizations surveyed (56 percent). Referral bonuses are also offered by 56 percent of organizations.

The prevalence of ongoing long-term incentives depends on employee level. For example, stock options are offered to CEOs by 52 percent of survey respondents but only offered to rank and file exempt employees by 29 percent.

“The results of this survey are similar to past years in terms of compensation – slow growth, lots of challenges and not a lot of money to spend,” said David Van De Voort, principal, Buck Consultants. “However, we’ve moved past the environment of several years ago when employers were freezing pay and reducing 401(k) matches.”

In fact, more than two-thirds (67 percent) of survey participants cited a focus on retaining top talent in 2013, and more will look to make additions to their workforce. According to the survey, 46 percent are planning for normal hiring and 19 percent will be adding staff.
**About the Survey**
Buck Consultants completed its survey in September. The survey includes responses from 362 employers, representing virtually every sector of the U.S. economy.

Buck’s survey report, “Compensation Planning for 2013,” is available at no cost to the media by contacting Ed Gadowski at 910-253-9816. It is available to other interested parties for $400 by calling 1-800-887-0509 or visiting [http://www.bucksurveys.com](http://www.bucksurveys.com). The survey was produced by Buck Consultants’ Knowledge Resources group, which is responsible for national multi-practice legal analysis and publications, government relations, research, surveys, training, and knowledge management.

**About Buck Consultants**
Buck Consultants, A Xerox Company, is a leader in human resource and benefits consulting with more than 1,500 professionals worldwide. Founded in 1916 to advise clients in establishing and funding some of the nation’s first public and private retirement programs, Buck is an innovator in the areas of retirement benefits, health and welfare programs, talent and human resources solutions, compensation, and employee communication. News and other information about Buck Consultants are available at [http://www.buckconsultants.com](http://www.buckconsultants.com).

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