

PROPOSED MERIT PLANNING MATRIX – 2022

Wage and Salary increases will be based on the incumbent’s position to the company’s salary table and their performance.

Position of Salary in Pay Range (Compa-Ratio)				
We recommended Merit Increase based on a 2% merit adjustment – final figures to be determined also by the number of employees in the cells below:				
Compa-Ratio		73-91% of market value	92-110% of market value	111-127% of market value
Performance Level	Upper Third	Salaries in this area of the matrix would usually experience the largest increases. (Merit Adjustment: About 4.0%)	(Merit Adjustment: About 3.5%)	Salaries in this area of the matrix are at a premium. A moderate increase would usually be indicated. (Merit Adjustment: About 3.0%)
	Middle Third	(Merit Adjustment: About 2.5%)	Salaries in this area of the matrix are probably Merit Adjustment: About right, usually indicating a median increase. (Merit Adjustment: About 2.0%)	(Merit Adjustment: About 1.5%)
	Lower Third	(a) Experienced performers: below median or no increase. (b) Inexperienced performers or new in current position: median or above increase (Merit Adjustment: About 1%)	Management Discretion	Salaries in this area of the matrix would usually receive little or no increase. (Maybe no increase)

The above Matrix combines position in the range, budgetary constraints and performance as the basis in determining the size of merit pay. It promotes higher and more rapid salary increases with higher performance levels and with lower salary position in the range. These guidelines ensure that increases are appropriately based on performance and position in the range.

For example, if employee receives a 5 rating, Upper One-Third, then he/she will be eligible for an increase of 4% if employee’s salary is within the lower one-third of his/her salary range. If however employee’s salary is within the top of the range, that is, within the top one-third, then the increase is only 3%. The purpose of the salary table is to acknowledge market position and employee performance in deciding what the amount of increase should be. Ideally the employee should be encouraged to perform at his/her best as they will be rewarded accordingly but not to the point where the salary is above and beyond the market point the company wants to compensate.