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than the 3.1% salary increase budget in 2021 and years prior.

Isaac M. O'Bannon • Jun. 29, 2023



Salary budgets for U.S. employees are expected to remain high in 2024 as employers become accustomed to ongoing labor market challenges. According to the latest Salary Budget Planning Survey by WTW (NASDAQ: WTW), a leading global advisory, broking and solutions company, organizations are budgeting an average increase of 4.0% in 2024. Though down from the actual increase of 4.4% in 2023, the numbers remain higher than the 3.1% salary increase budget in 2021 and years prior.

The survey found that more than two-thirds (70%) of U.S. employers budgeted for

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“While we are seeing lower salary increases forecasted for next year, they’re still well above the ones we’ve seen for the past 10 years. This shows that companies are striving to stay competitive in an everchanging work climate,” said Hatti Johansson, research director, Reward Data Intelligence, WTW. “Those companies that have a clear compensation strategy as well as a pulse on the factors affecting it will be more successful attracting and retaining employees while keeping pace with an evolving environment in which yesterday’s certainties no longer apply.”

According to the survey, more than half (51%) of organizations this year reported having difficulty with attraction or retention, compared with 57% last year. Respondents are expecting labor market pressures to ease, with only 35% expecting difficulties in 2024.

In response to these ongoing pressures, organizations are taking action to attract and retain talent. Half (50%) of respondents have reviewed compensation of specific employee groups, and 28% are planning or considering doing so. Additionally, 44% are hiring people higher in relevant salary ranges, raising starting salary ranges (43%), reviewing compensation of all employees (42%) and enhancing use of retention bonuses or spot awards (40%).

Non-monetary actions to attract and retain talent are in motion as well. More than half (59%) of respondents have broadened their emphasis on diversity, equity and inclusion, and 25% are planning or considering doing so. Nearly as many (58%) have increased workplace flexibility. While 46% of respondents have taken action to improve their employees’ experience, 41% are planning or considering doing so. Other measures taken include changing health and wellness benefits (36%), modifying reward elements of compensation programs (33%) and increasing training opportunities (26%). Almost half (43%) reported funding the increase in

total compensation spend through total rewards optimization (up from 21% in

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