

Compensation Planning



Managers: Use this job aid to help plan for merit and AIP – IPM (where applicable).

Planning window: Feb 5, 2021 – Feb 18, 2021

Please note:

- All supervisors and managers (anyone with 1+ direct report) will start their planning once they receive a notification from Workday via email. *Planning cannot be started prior to this notification.*
- Workday allows us to program planning parameters; therefore, you may encounter messages as you proceed through the compensation planning process. Planners (Managers) will receive ‘Warning Messages’ and approvers will see those that are not resolved.
- Associates hired on/after January 1, 2021 are **not eligible** for a merit increase and will not appear in the merit grid.
- Workday does not pro-rate the **merit budget** for new hires. Managers will use their discretion to plan what they feel is appropriate.
- Associates on a **leave of absence** will appear and should be planned for. They will receive their merit increase upon return from leave to active status and if eligible for AIP, will receive their payment at same time as active associates on March 12.

Compensation Planning Workflow



Enter the merit decision:

1. Click on the **Merit** tab to make the merit decision. Either an amount or a percent can be entered and the other will automatically calculate.
NOTE: *The grid has a column for lump-sum amounts if the associate is over the maximum of the salary range.*
2. The year-end performance rating will automatically appear and **Merit Guidelines** will populate. When planning, focus on the ‘outliers’ (Excelling and Struggling) to ensure they are rewarded accordingly. Make sure the ‘Excelling’ associates receive substantially more in their merit increase as compared to ‘Performing’ associates.

Review and Determine the IPM:

3. Click on the Bonus tab to review and determine the IPM. IPMs have been preloaded at 115% for Excelling, 100% for Performing and Developing, and 50% for Struggling. **The IPM should not be changed for Performing or any associate with a target of 1%.** All other associates can be planned within the below ranges:
 - a. Excelling: 105% to 125%
 - b. Performing: 100% **Do Not Change**

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- c. Developing: 50% to 100%
 - d. Struggling: 0% to 50%
4. When planning is complete, click on submit. This will route the information to the next step in the process (i.e. your manager). After submitting, you will no longer be able to make changes unless your manager sends it back to you.

Compensation Review Dashboard:

There are a variety of worklets, tasks and reports available in Workday that can be used to analyze the data. These can be accessed via the **COMPENSATION REVIEW** dashboard on the Workday home page. Below is a list with a description of each:

Worklets	<ul style="list-style-type: none">• Average Merit Increase % and IPM % by Rating. These two reports provide a summary of average merit increase and average IPM % by year-end performance rating and a summary of the year-end performance rating distribution. Can be run by supervisory organization.• Pay Differentiation Factor – Merit and IPM. These two reports provide a summary of how well merit increases and the IPMs are differentiated for ‘Excelling’ and ‘Performing’ categories. A factor > 1.0 demonstrates pay differentiation between the two performance categories. Can be run by supervisory organization.
Reports	<ul style="list-style-type: none">• Merit Spend Summary. Provides a summary by supervisory organization showing merit spend (\$) and merit budget (\$), merit budget (%) spent, and status.• Associate Compensation Detail Report. Provides a detailed report by associate that can be run by supervisory organization. Provides information for grade, title, merit increase, IPM, tercile, year-end performance rating, etc.• Associate Bonus Detail Report. Provides a detailed report by associate that can be run by supervisory organization. Provides detailed information related to AIP and IPM including year-end performance rating, grade, title, AIP preliminary payment (\$), IPM, etc.• Merit Audit Report and Bonus Audit Report. Both provide an audit trail of who made entries and/or changes and when.
Tasks	<ul style="list-style-type: none">• Search for Supervisory Organization. Allows you to locate compensation plans for specific managers. This is also the same view you would get through your inbox.• View Compensation Statements. Allows managers to view and download compensation statements and will be available on March 8th.

For questions or more information on compensation planning, see additional resources on [Workday Headquarters](#) or contact your HR Business Partner