

# HR Budget Talk For 2015

written by Rory Lodge | December 12, 2014



What are your employees expecting for 2015? In some sectors more money, but in others they are just hoping to hold on and still others retirement plans that support them as they prepare to wind down the current phase of their career.

According to a survey conducted by Morneau Schepell, reported in their annual survey of “Compensation Trends in Human Resources”, HR is expecting the salaries of employees to rise an average of 2.8% in 2015. The salary increase expectations vary by Province and across industries. They are also hoping to address issues related to employee health and well being and retirement planning. Here is a quick look at what the survey found:

## **Some Salaries Will Rise But Others Not So Much**

Across Canada the Provinces who are riding high on their natural resources are looking at wage increases above the national average. Across Canada the average salary increase is expected to be 2.8%, up 2% from 2.6% in 2014. If you live in Saskatchewan or Alberta be ready for an average salary increase trend of 3.4%, lead by those in the mining and oil and gas sectors. The East Coast Provinces of New Brunswick and Newfoundland and Labrador, followed by Nova Scotia and PEI are expecting less than average increases of 2.5 and 2.0% respectfully, as is recession weary Ontario at 2.6%. Manitoba is holding steady at 3% with Quebec just a percentage above Ontario at 2.7%. These trends are being driven by the continued ups and downs of the economy.

In many cases HR is faced with a budget crunch that makes it difficult to provide top employees with the salary are seeking. Employees in the technology, scientific and technical services are looking for a solid 3% increase across the board.

## **Priorities for Reducing Costs**

In order to try and meet their budget needs and budget restrictions HR is looking to find ways to keep employees happy without paying them more. Of those respondents who indicated a desire to reduce costs to help balance the budget 5 top priorities appeared:

- Improve workplace health and well-being (57%)
- Improve training and development programs (54%)
- Improve communications regarding the total rewards (46%)
- Reduce short term disability costs (39%)
- Improve mental health in the workplace (38%)

On the topic of mental health, many organizations expect to spend more time and money training their managers to manage mental health concerns in the workplace, believing this is a key strategy to keeping costs down and keeping employees happy and healthy. Sessions such as 'Mental Health First Aid' are popping up across the country and finding their ways in to many organizations.

### **Costing Retirement Into the Budget**

An anticipated increase in retirement costs and plans is closer on the horizon than ever before as more baby boomers hit retirement age and, with a more stable economy (somewhat), more boomers are preparing to retire. Organizations may be looking at associated costs of a buy-out for retiring employees, costs associated with retirees on plans and more. With changes to the Defined Benefits (DB) and Defined Contributions (DC) arrangements, 1/3 of DB plan sponsors are considering changes to their plan design and cost sharing that will have an impact on their plans. It was important to note that the survey reported that 52% of organizations indicated they are not monitoring their retirement plans to ensure they have adequate monies to provide income for their employees in the future.

Understanding your budget items and constraints is just one way to set priorities and look to managing your costs heading into 2015. 2015 will continue to be a somewhat volatile economy in Canada so informed budget planning is effective budget planning.