

Merit Increase Pay Policy



1. PURPOSE

Each year, the CEO and the chief officers of human resources and finance will determine the pool of merit increase funds available. Both the objectives of the compensation program and financial resources available will be considered in the decision-making process.

Merit pay is used to reward successful performance. Larger merit increases will be awarded to employees who consistently exceed performance standards. Increases will not be granted to employees whose performance has been rated as unsatisfactory overall.

2. PROCEDURES

Eligibility

To be eligible for a merit increase, an employee must be employed with at least six months of continuous service before the merit award date.

An employee whose pay is at the maximum of the salary range may not be granted an increase that would cause the base salary to exceed the maximum of the range for that position.

Determination of merit increase

In accordance with [Company Name] guidelines, supervisors will recommend: a) whether an employee should receive any merit increase based on his or her annual performance review and b) the amount of increase appropriate for the performance results.

The following factors are the basis for awarding merit pay to employees:

- The employee's performance as reported in the annual performance review.
- The appropriate pay level within the range for the employee considering the employee's performance and performance of others in the range.
- Pay increase funds available.
- Recommendations of supervisors, as approved by executive officers.

Review of merit increase

Merit increases require the recommendation of the employee's immediate supervisor and the approval of the chief human resource officer. Employees are to be notified of their merit increase as soon as possible after all employee merit increases for the year have been approved by the HR director.

Performance reviews

Employee performance is to be formally reviewed at least once each year. The focus of the review is to discuss the employee's performance for the rating period, review standards for the position, communicate the amount of the employee's merit increase and set goals for the next rating period.