

# Annual Salary Increment Policy



Establishing an annual salary increment policy will help make employees feel valued and motivate them to perform at a high level, thereby increasing employee retention.

Salary increases may involve increases based on merit and good performance, and regular adjustments based on cost of living increases and market values.

This model policy is based primarily on guidelines from Canada's HR Council. It may be included as part of a broader policy on salary/compensation.

HR managers in any part of the country may adapt this Model Policy for use in their own workplaces.

## **Company Commitment**

\_\_\_\_\_ is committed to providing our employees with fair compensation for their work, encouraging and rewarding strong workplace performance, and ensuring they maintain a quality standard of living.

We are committed to clear and open communication about our compensation policies. Employees may discuss with [hr contact] the details of their compensation plan in order to be confident that they are being compensated fairly for their services to the company.

## **Merit Increase**

Employees who perform their duties satisfactorily are entitled to one annual salary increment based on merit.

Salary increments are effective the first day of the pay period following the anniversary date of the employee's appointment (through hiring, promotion, etc.) To their current position.

Generally, if an employee is laterally transferred to a new position, or if they are demoted, they will retain their original anniversary date.

Merit increase is determined based on the following merit percent increase grid, measured by employees' performance as assessed through their regular [annual/semi-annual] performance reviews. We are committed to open communication about what is expected in order to qualify for each level in the merit increase range...