

2024
**National
Compensation
Forecast**



d. hilton associates inc.

The best competition I have is against myself to become better - *John Wooden*

For 35 years, I've tracked talent supply and demand issues for clients. Corporate relocations, new malls, mega-casinos, "living-wage" banks, emerging fintechs, and Amazon distribution centers have all been David vs. Goliath-like opponents, but have they really been that worthy? Perhaps the greatest competitor has always been ourselves.

John Wooden, the immortal UCLA basketball coach and winner of 10 national championships taught his players that looking internally may be the best predictor of results. He said the following:

“Success comes from knowing that you did your best to become the best that you are capable of becoming.”

This perfectly defines D. Hilton's 22nd Annual Credit Union Industry Compensation Forecast. As hundreds of companies have laid off employees post-COVID, we should be seeing more job seekers, but the reality is that we're not. And the forecasts don't have a definitive answer of when workers will come back, how much we will have to pay, and whether they want to come to the office. **So, it's time to look internally, shore up your programs and deliver an employee experience that retains staff and makes your shop the envy of all.**

For 2024, we're encouraging our clients to focus on three key trends:

- Commit to Pay Transparency - Pay competitively. Pay often. Communicate.
- Prioritize Your Workforce - Identify critical talent for a stronger member experience. You must be fair, but you don't have to be cookie-cutter.
- Polish Up Your Performance Management Processes - Bring world-class assessment to the table. Your internal development programs will allow you to compete on any stage and with any competitor.

This report contains insights into the 2024 compensation market and salary administration design concepts to integrate into your total rewards programs. It's time to start hunting, not gathering.

If you have specific questions, we are here to help. Please call me at **800.367.0433 ext. 124.**

All the best in 2023.



JOHN W. ANDREWS, CCP, CSCP, SPHR
Executive Vice President

Finance, Tech & Fintech Layoffs in 2022/23

Intel 1,000 (8/23)	AppFolio 160 (8/23)
KuCoin 220 (7/23)	Yellow 32,000 (7/23)
Robinhood 168 (6/23)	Morgan Stanley 880 (5/23)
Meta 15,000 (3/23)	Twitter 5,200 (2/23)
Twillo 1,500 (2/23)	Disney 6,600 (2/23)
Zoom 1,300 (2/23)	Dell 6,650 (2/23)
PayPal 2,000 (2/23)	IBM 3,900 (2/23)
Google 12,000 (2/23)	Microsoft 10,275 (2/23)
Amazon 127,000 (1/23)	Coinbase 950 (1/23)
Salesforce 7,000 (1/23)	Goldman Sachs 3,200 (1/23)
Capital One 9,000 (1/23)	KPMG 700 (2/23)
Stripe 1,000 (11/22)	Amount 170 (3/23)



SECTION 1: *The Top 3 HR Trends for 2024*



SECTION 2: *D. Hilton's Compensation Forecast*



SECTION 3: *Rethinking Benefit Strategies*



SECTION 4: *About D. Hilton Associates*

1. Commit to Pay Transparency

**At least 10
states already have
pay transparency
laws on the books
and other states are
closely following.**

Source: GovDocs

After 73 years, the salary of every National Hockey League (NHL) player became public in 1990 – and did the underpaid players mope, reduce effort, or complain?

Nope – they simply exerted a *different* kind of effort....

It was the goal scorers that made the big bucks. So, the underpaid defensive players began concentrating on scoring. Predictably goal counts increased significantly, assists rose slightly, and defensive production declined. Underpaid players began scoring more but allowed their teams to get scored on by even more than the additional goals they provided.

Source: James Flynn, University of Colorado

Is Pay Transparency a Good Thing?

- ✓ Absolutely! It moves us toward stronger Pay Equity across gender, ethnicity, sexual orientation, and other dimensions.
 - However, it creates **Pay Compression**, where there is minimal difference in pay between tenured employees and new hires despite differences in their respective knowledge, skills, experience or abilities. So, we begin to hear rumblings of, *“What do I have to do to get a raise around here? Quit and get rehired?”*
- ✓ Not Sure? In NYC, the law lowered overall wages of the broader population, even though it elevated pay for the inequitably underpaid. By publicly disclosing current pay/pay ranges, employers don’t have to negotiate as aggressively. It may ultimately lower employees’ relative bargaining power.
- ✓ It impacts **Productivity** because it reduces the pay-for-performance link. Pay becomes flatter, more equal, and less performance-based. It can also create the following problems:
 - Our ability to reward and recognize our superstars.
 - Retaining high-performing back-office employees because the lure of higher sales-based compensation in the front office, even when a back-office employee may not have innate sales/service competencies.
 - In a compressed pay structure, top performers are more likely to exit as they search for organizations more willing to reward their higher performance (and perhaps keep their elevated pay more secret).
 - It lessens the impact of intangibles. As pay transparency pushes organizations to be more consistent in rewarding observable performance measures, it impacts our cultural foundation as cooperation, helpfulness, and mentoring become less valued.

If pay transparency reveals to employees that their company has been equitable and consistent in how it allocates pay to performance, then overall employee productivity response will be positive.

If pay transparency reveals that it has unfairly allocated pay, overall productivity will decline.

If employees perceive that your reward and recognition programs are unfair, they will act as if they are, regardless of whether they are fair or unfair.

Communication is crucial to reinforce a culture of fairness.

Make Pay Transparency a **Business Problem,** Not an HR Problem.

For Credit Unions:

- Be accountable.
- Be willing to celebrate achievements and admit mistakes.

For Leaders:

- Think credit union-wide, not just silos.
- Create agile and fluid teams.

For Employees:

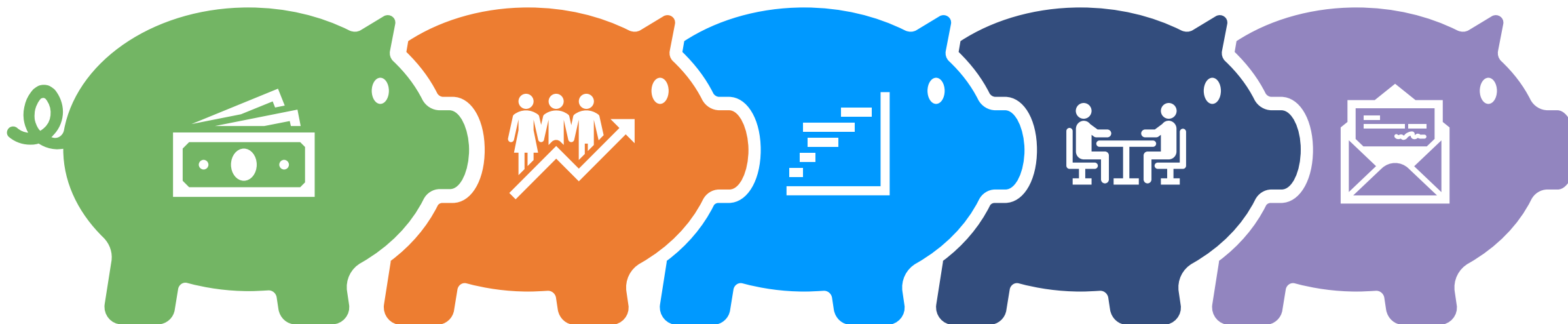
- Give more opportunities to make their own decisions.
- Provide a clear shared purpose and how they contribute to overall success.

Saying Nothing is **NOT** an Option

Prepare to compete against:

- Salary.com
- Glassdoor
- PayScale
- Indeed
- SalaryList
- Salary Expert
- Bureau of Labor Statistics

The Pay Communication Continuum: Where Do You Want To Be?



PAYCHECK

*Here's what you
get paid.*

MARKET STUDY DATA

*Here's how we
use market data
to determine pay.*

PLAN RANGES

*Here's where
your pay falls,
and here's where
you can go.*

CULTURE MANAGEMENT TRAINING

*Here's why we
pay like we do.*

OPEN SALARY

*Here's everything
you want to
know about
everyone's pay.*

Other Transparency

Design Questions:

What biases in assessing performance, potential, and retention risk are impacting the fairness of the related rewards?

- If we pay for potential, do we have clearly communicable criteria?
- Are we transparent about critical skills and roles, and are those messages incorporated in rewards design?
- What is the role of skill premiums, and how do we communicate their value?
- What expectations might your ranges set if published?

Base Pay Transparency

**Make Managers
Accountable for Decisions
They Can Actually Control**

- Make talking points more personal.
- Prepare an FAQ reality check.
- Increase transparency in your new-hire materials.
- Make Benchmarking Compensation 101 a required course.

Communication Principles

Do:

- Communicate how much you value the employee — don't let the bonus or raise speak for itself.
- Explain how the decision was made so the employee understands you're being fair.
- Rehearse what you're going to say and how you're going to respond to any complaints.

Don't:

- Wait until year-end — it should be ongoing.
- Forget Pay-for-Performance commitment.
- Be surprised if the employee gets upset (it's neutral news at best).

73% of leaders don't feel "very confident" in their managers' abilities to have tough conversations about compensation with their employees.

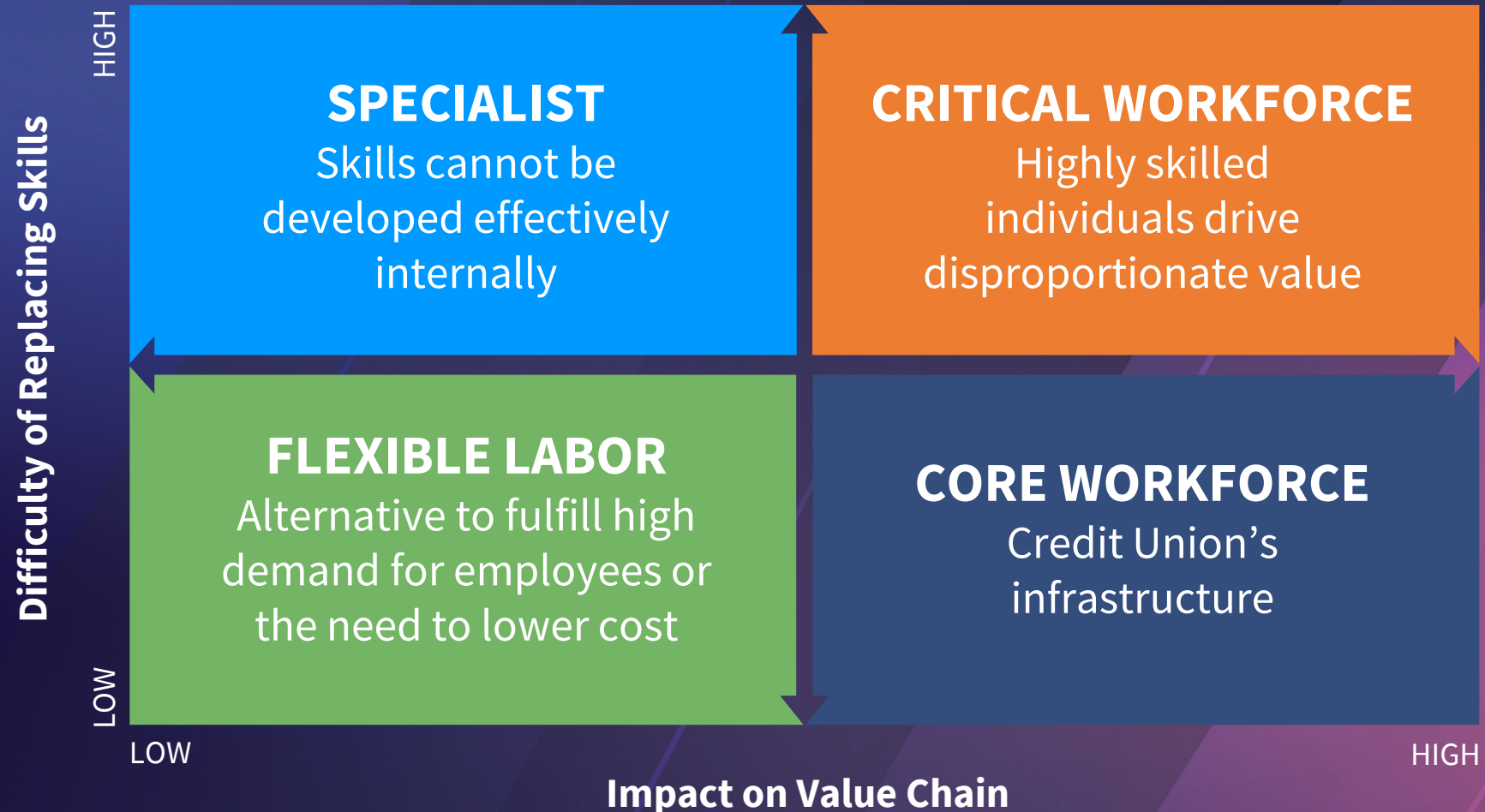
2. Prioritize Your Workforce

Top Ten Power Skills

1. Learning Agility
2. Resilience
3. Creative Problem-Solving
4. Digital Dexterity
5. Data Literacy
6. Critical Thinking
7. Deep Collaboration
8. Empathy
9. Diversity Mindset
10. Self-Reliance

*Source: Heide Abelli
Forbes Human Resources Council*

When You Can't Afford to Take Care of Everyone, Start With Your **Critical Workforce**

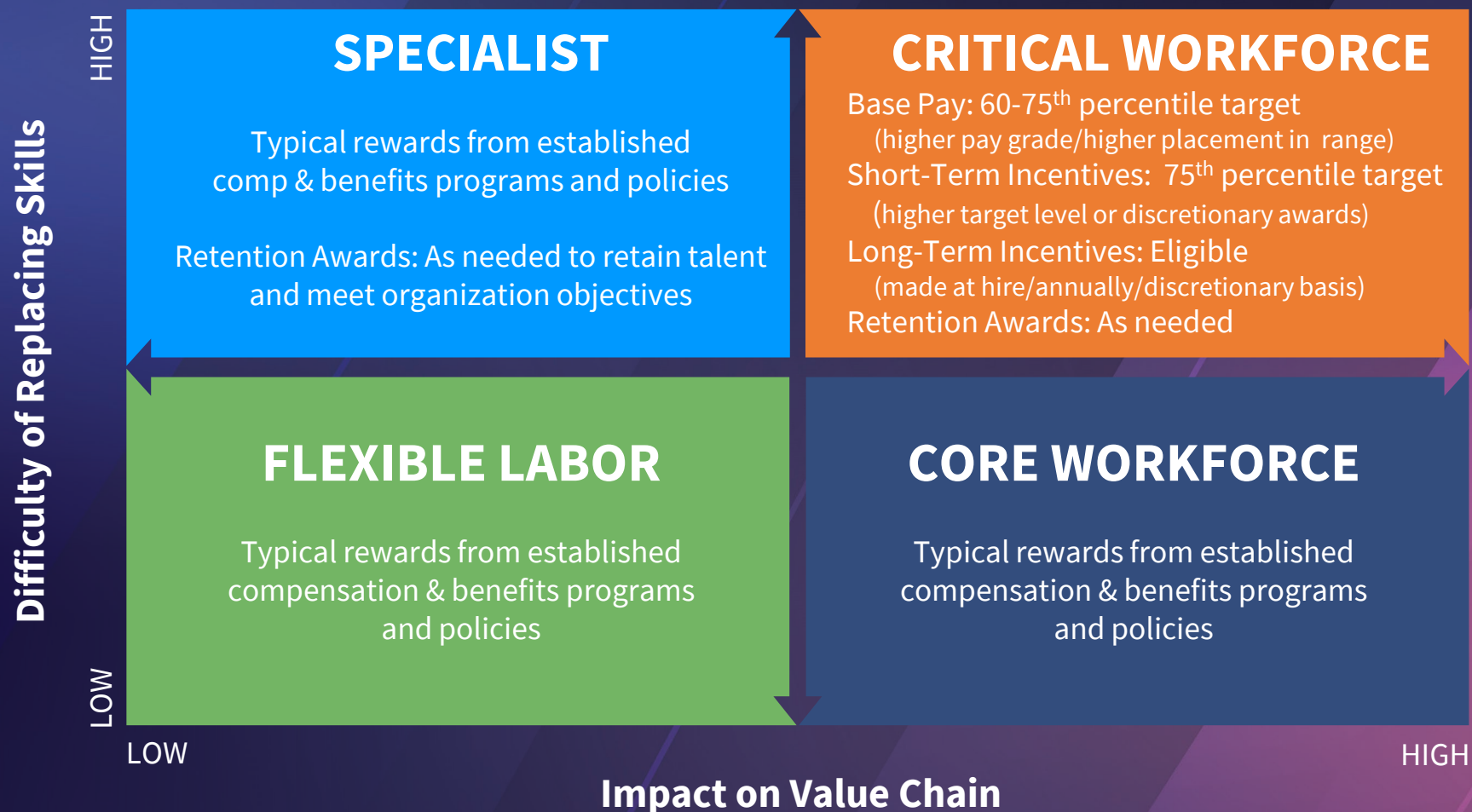


A critical workforce segment is defined as jobs or job families in the organization which meet two criteria:

- 1. They have a disproportionate impact on the value chain of the organization (i.e., they play a key role in creating or delivering value).*
- 2. They are in short supply in the labor market.*



When You Can't Afford to Take Care of Everyone, Start With Your **Critical Workforce**



Don't treat your top workers as part of the core workforce. Identifying the key talent segments that produce the most value will enable the organization to make investments that yield the greatest return.



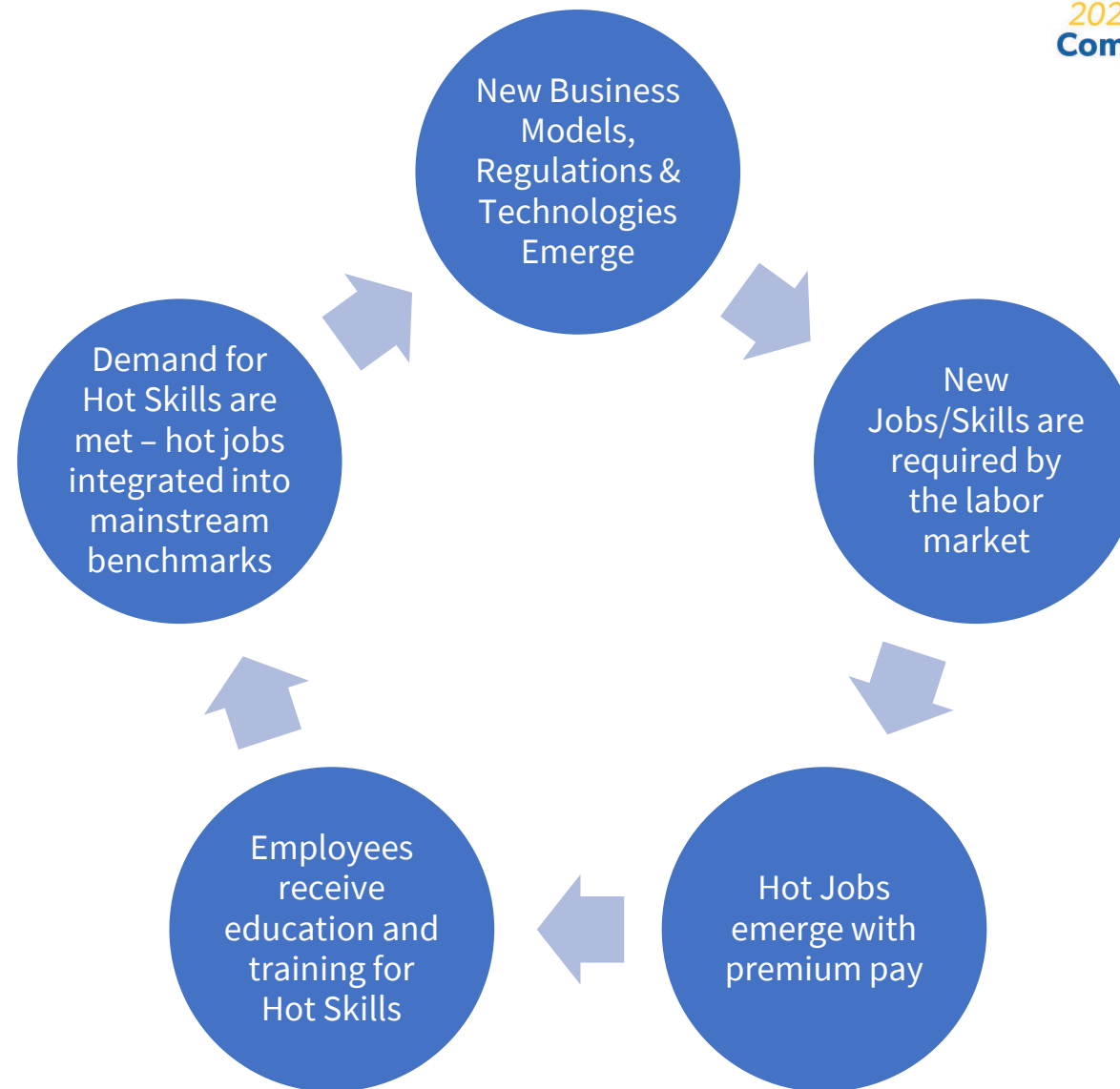
Life Cycle of a Hot Job

The life cycle of a hot job begins as new business models, government regulations and technologies emerge. As the market takes time to react, there is an immediate shortage in supply for these specialized skills. In the short-term, skills shortage drives up salaries and bonuses for hot jobs.

Over time, employees receive training and education in these hot areas and a skilled workforce emerges.

In the long term, these hot jobs and skills become integrated into the labor market as standard benchmarks.

Ultimately, business and technology continue to evolve and the life cycle of the hot jobs continues.



A Few Strategies to Prioritize Your Critical Workforce Segment

- **Use Two-Pool Merit Increase Approach:**
5% for Top 20% and 2.5% for 80% = Overall 3% Budget.
- **Set The Bar Higher For Increases:**
Give no increases to employees ABOVE midpoint and meets expectations.
- **Vary Increase Timing:** Maybe every six months for top 20%.
- **Give Discretionary Bonuses To Top Performers:**
5% to top performers = About 1% of payroll.
- **Give Retention Bonuses:**
Target top performers, high potentials, and critical-skills jobs.
- **Give Lump-sum Merit Payments:** Not just for red-lined employees.

Most salary structures still reflect the practices of the pre-World War II era.

Over the years, knowledge workers grew in numbers, businesses expanded, and companies moved away from the command-and-control paradigm.

None of those developments were reflected in the salary management model.

Internal Talent Mobility

Taking an intentional approach to move employees to new roles, projects and gigs within an organization to meet shifting business demands. It can help you create an agile workforce capable of seamlessly pivoting in response to rapid change.

Key advantages include the following:

- Reduce recruitment and onboarding costs.
- Avoid layoffs and preserve your brand.
- Improve employee engagement and retention.
- Empower employees to grow their skill sets.
- Drive ongoing agility across your organization.

During times of low unemployment, credit unions are forced to explore more ways to source the talent they need while ensuring employee retention. Internal talent mobility is one area that will see more focus in the coming years.

Source: Deloitte

3. Polish Your Performance Management Processes

The Evolution of People Systems in the Credit Union Industry

Function-Oriented Systems
1950's-2000

Solve Problems
Get Permission
Process Focused
Few Create Value
Reactive

Sales-Oriented Systems
2000-2020

Seek Opportunities
Get Going
Member Focused
All Create Value
Proactive

Omni-Channel Systems
2020-present

Resilience & Adaptability
Tech/Digital Fluency
Cross-Functional Collaborations
Emotional Intelligence
Time Management

Culture
Core Values Environment Personality

REINVENTION is
the flipside of
DISRUPTION.
2020-2023 were
times of
unplanned
reinvention.
2023 and beyond
must become
INTENTIONAL.

2024 Issues

- Cross-functional/cross-platform delivery means a “mash-up of talent.”
- Reminiscent of the time we tried to morph service professionals into sales professionals. We hired wrong. We trained wrong. And, we paid wrong.

Retail + Tech = Today's Delivery Talent

- Increased digital innovation is increasing skill mismatches.
- People are leaving because they are confident in their market value.
- From jobs to competencies (digital transformation).
- From hierarchical leadership to project enterprise leadership (learning agility).
- Performance management becomes project management.

The Top 5 Predictors of Retention

Rewards are Transactional and Recognition is Relational



Source: Korn Ferry Insight

Your organization already has a learning culture – humans learn in your workplace every day because we’re wired to learn; we can’t stop ourselves from doing it.

The real question is whether you have a **transformative learning culture** that makes your organization more successful (preventing conformity and stagnation).

A **Transformative Learning Culture** yields the following:

- **Increased employee engagement** (direct impact on productivity, retention, and customer satisfaction).
- A “**growth mindset**” when employees learn from their mistakes and actively seek out challenges.
- **Enhanced creativity and innovation.** Encourage risk-taking and invite the valuable lessons that come from failure. Creativity and innovation soar when you allow learning.
- **Improved motivation.** Humans (all generations) are motivated by autonomy, mastery, and meaningful purpose). Learning empowers employees to be self-directed and gives them opportunities to grow and improve.
- **Ability to keep pace with technology changes.** Technology now drives a need for employees to be retrained almost monthly.
- **Improved leadership and emotional intelligence.** Learning is not just for technology and “hard” skills. Key “human” skills like leadership, self-control, empathy, communication, conflict resolution, and cultural competence can be learned.

Transformative Learning Culture Development Ideas?

Learning happens every day whether you notice it or not. Successful leaders don't treat learning as an event to be scheduled but rather an unbounded resource to be enhanced.

Value learning as a path to mastery. Make it safe to take risks—and make mistakes. Celebrate “aha” moments just as much as you do easy wins.

Make learning easily accessible. On-demand learning empowers employees to seek and find their own answers, which is retained far longer than just being told what to do.

Use blended learning techniques to maximize success. Not every type of learning works for every person.

Teach your managers how to coach. Coaching employees by asking questions naturally builds their competence and confidence.

Evaluate performances based on learning. New models for performance management demonstrate that measuring learning, along with performance, ultimately increases both.

In times of change,
learners inherit the earth,
while the others find
themselves equipped to
deal with a world that no
longer exists.

Eric Hoffer
Social Philosopher



SECTION 1: *The Top 3 HR Trends for 2024*



SECTION 2: *D. Hilton's Compensation Forecast*



SECTION 3: *Rethinking Benefit Strategies*



SECTION 4: *About D. Hilton Associates*

D. Hilton 2024 Budget Forecast

Capital Concerns

<7% Capital

148 Credit Unions (3.1%)

Forecasts

Staff Merit Increases

0.00% - 3.00%

Executive Merit Increases

3.50% - 4.50%

Sufficiently Capitalized

7% - 10% Capital

1,623 Credit Unions (33.7%)

Forecasts

Staff Merit Increases

3.00% - 4.50%

Executive Merit Increases

5.00% - 7.00%

Well Capitalized

>10% Capital

3,043 Credit Unions (63.2%)

Forecasts

Staff Merit Increases

4.25% - 5.50%

Executive Merit Increases

6.00% - 8.00%

Salary Range Increases

Non-Exempt: 3.25% Exempt: 3.50% Executives: 4.00%

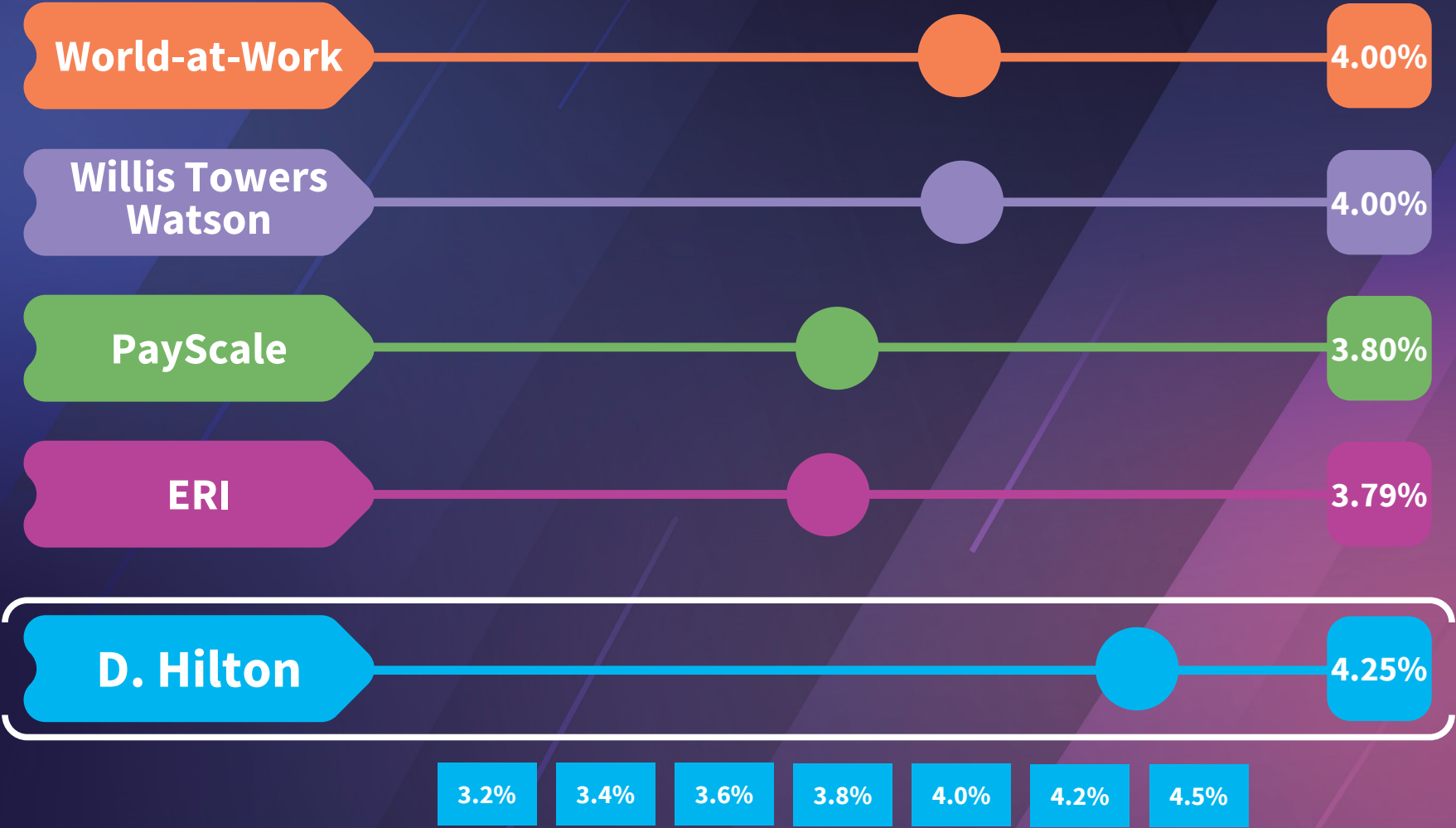
Why We Need To Rethink Approaches To Compensation

- ***Inflation is not new.*** We've always had a systematic way to address it but thought pay-for-performance was more important.
- Inflation has not been high for many years, and not everyone has experience dealing in a high-inflation environment.
- COVID-19 spawned the concept of “location-less” roles.
- Can we afford to be so egalitarian in our compensation approach if it dilutes our efforts to reward and recognize our top performers?

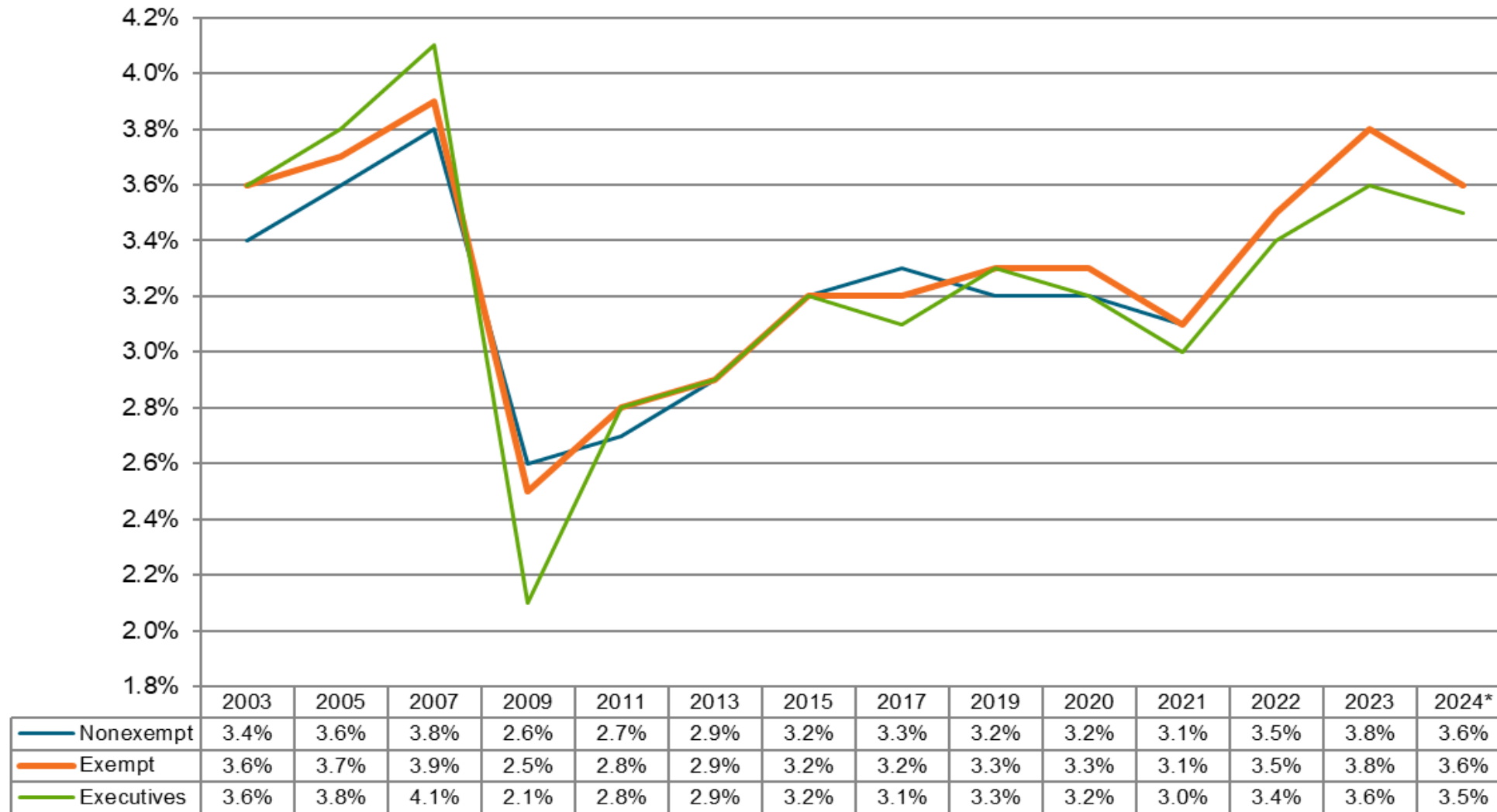
56% of companies report an increase in using inflation data for 2023 budget plans.

46% of companies report an increase in using cost-of-living data to determine compensation levels.

U.S. Salary Budget Forecast 2024



U.S. Salary Budget Forecast 2024



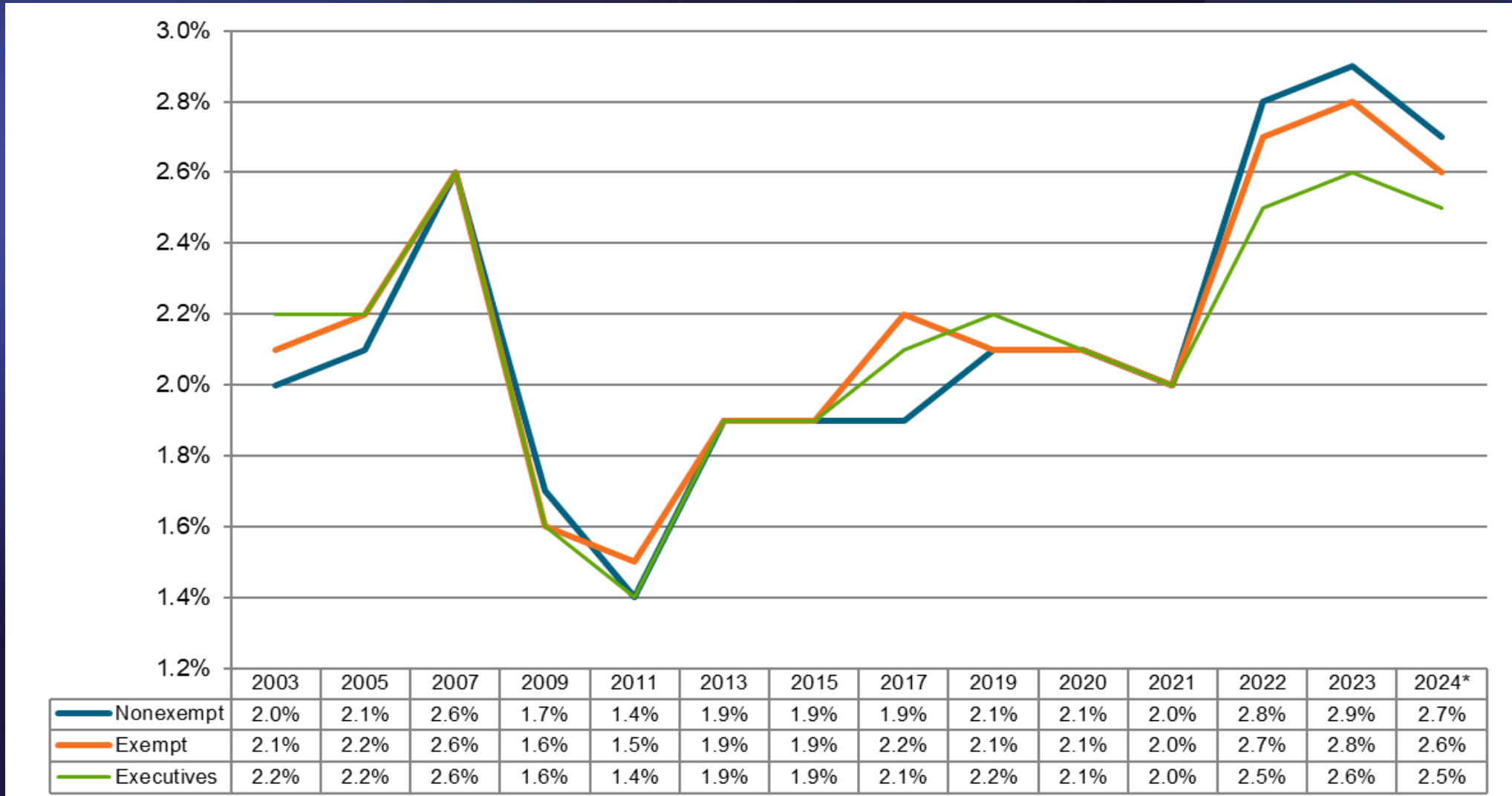
*Projected



Source: 2023-2024 United States WorldatWork Salary Budget Survey

Salary Range Adjustment Trends - National

2024 National Compensation Forecast



*Projected



Source: 2023-2024 United States WorldatWork Salary Budget Survey



SECTION 1: *The Top 3 HR Trends for 2024*



SECTION 2: *D. Hilton's Compensation Forecast*



SECTION 3: *Rethinking Benefit Strategies*



SECTION 4: *About D. Hilton Associates*



Loyalty Contract (20th century)

Basic Needs

- Pay, benefits, security
- Retention
- Pay/benefits in exchange for commitment

Engagement Contract (pre-pandemic)

Psychological Needs

- Achievement, camaraderie, equity
- Contribution
- Intrinsic rewards in exchange for effort

Lifestyle Contract (the new chapter)

Well-Being Needs

- Mental, emotional, financial
- Sustainability
- Healthy experiences in exchange for sustainable performance

During the height of the pandemic, organizations provided deep support to their employees in four critical ways:

- ✓ They communicated
- ✓ They focused on health and safety needs
- ✓ They allowed greater flexibility
- ✓ They led with empathy

This support led to increased engagement and commitment from employees during the onset of the pandemic. But now, cumulative stressors and fears are causing many employees to feel less supported than last year.

As Workers Seek Higher Pay, Benefits Can Set Employers Apart

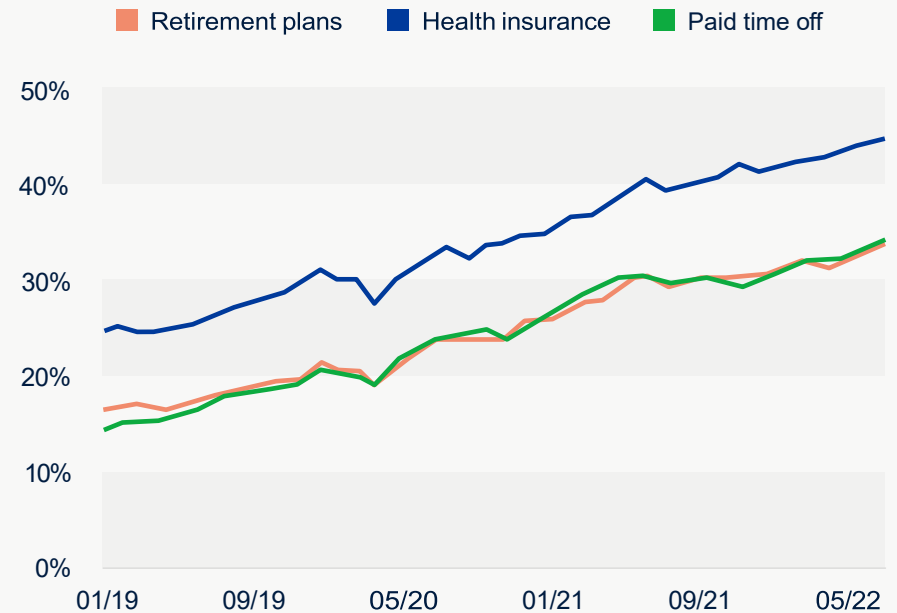
Compensation remains top priority for job seekers. How can employers set themselves apart when raising wages isn't possible? Holistic benefits can become a critical tool for retail workers such as childcare or food preparation.

Sign-on, spot, and retention bonuses are still prevalent.

As working conditions have normalized, hazard pay has returned to pre-pandemic levels, offered by 15% of organizations.

Source: *WorldatWork*

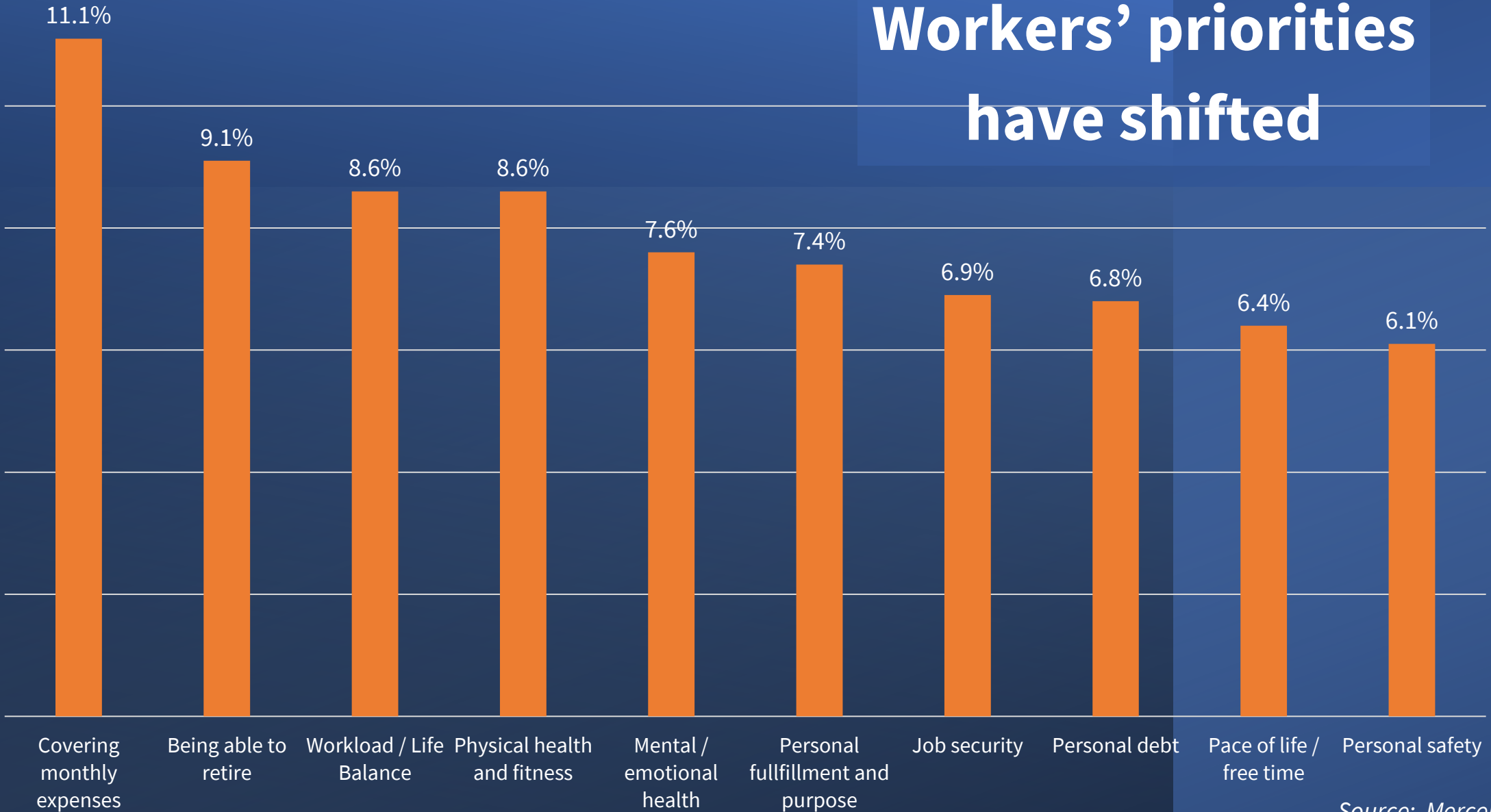
Advertising of Benefits Rising % of US Jobs Advertising Benefits



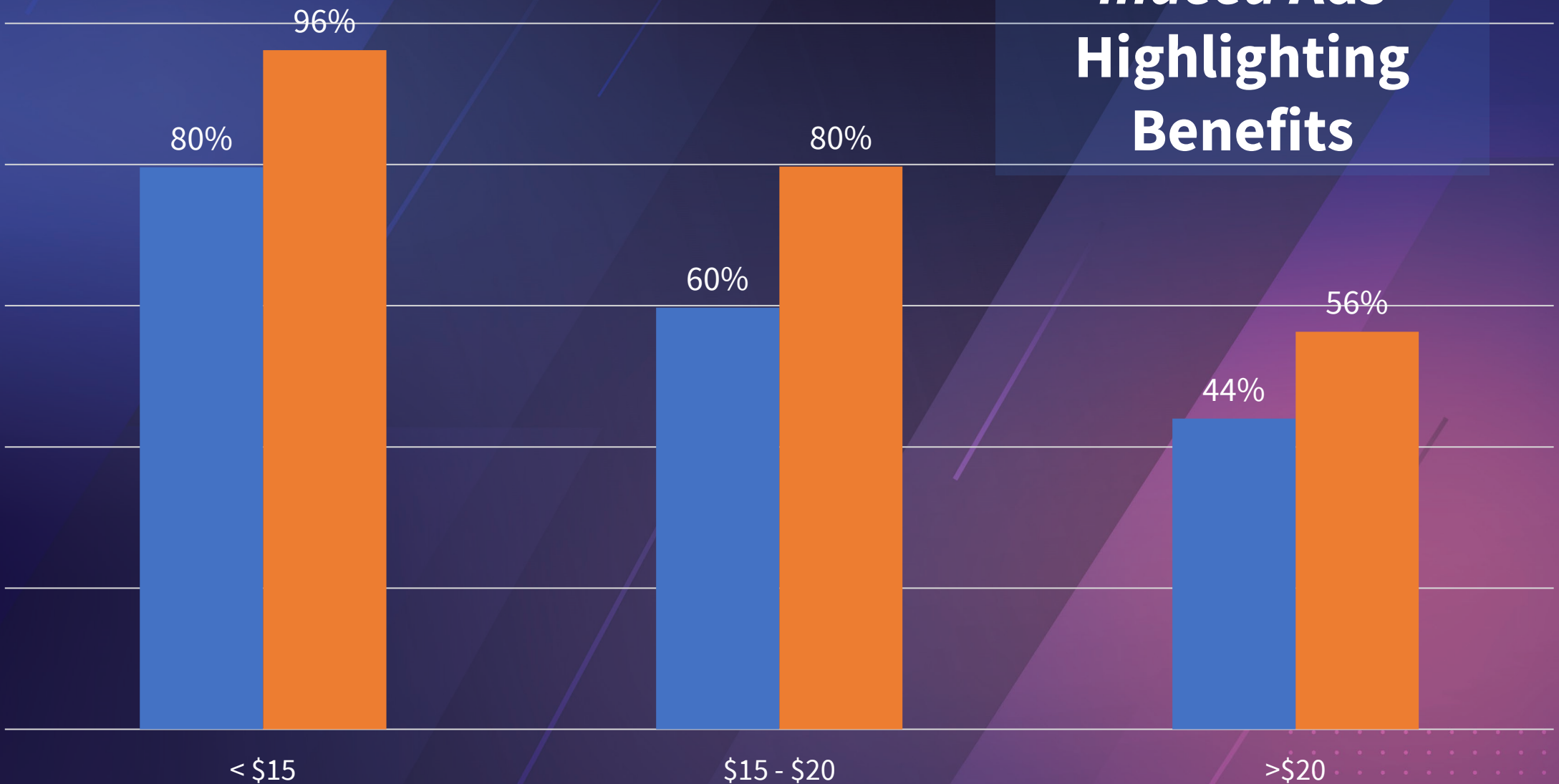
Source: Indeed

Advertisement of *Indeed* employment ads in three major benefit categories— healthcare, retirement, and paid time off — has climbed across the US labor market.

Workers' priorities have shifted



Indeed Ads Highlighting Benefits



2024 National
Compensation
Forecast

63%

Glassdoor Reviews Mentioning Mental Healthcare Benefits

45%

48%

49%

57%

59%

2017

2018

2019

2020

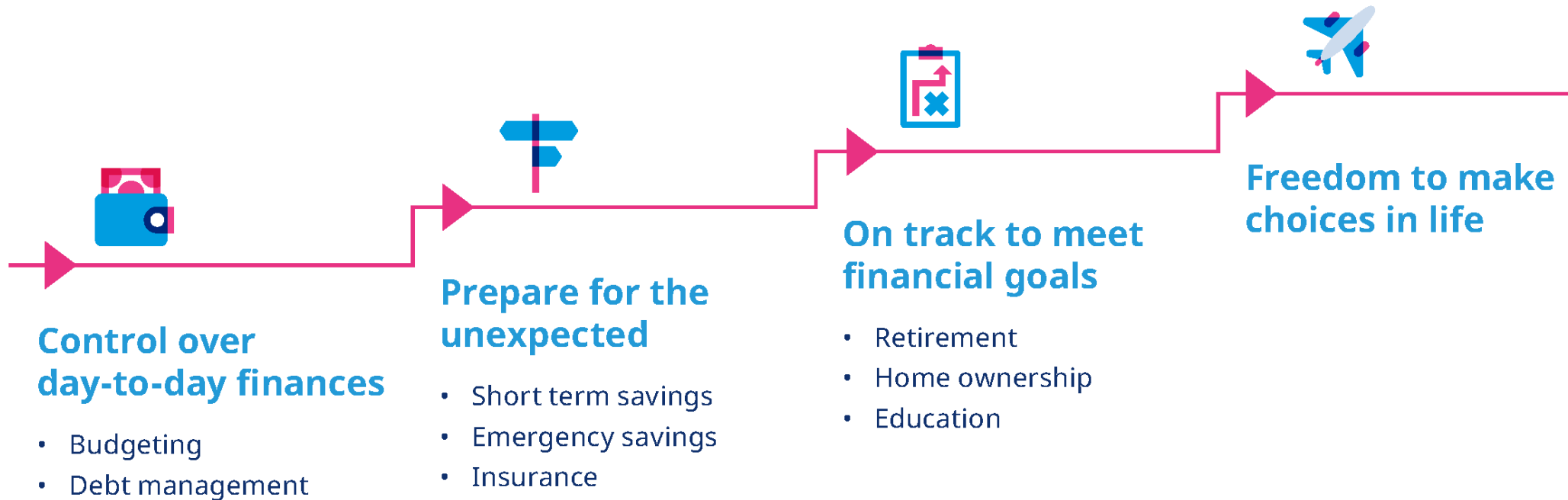
2021

2022

Source: Glassdoor

Staff Can Benefit from Financial Education As Well

Secondary Benefit: They can sell products they actually use

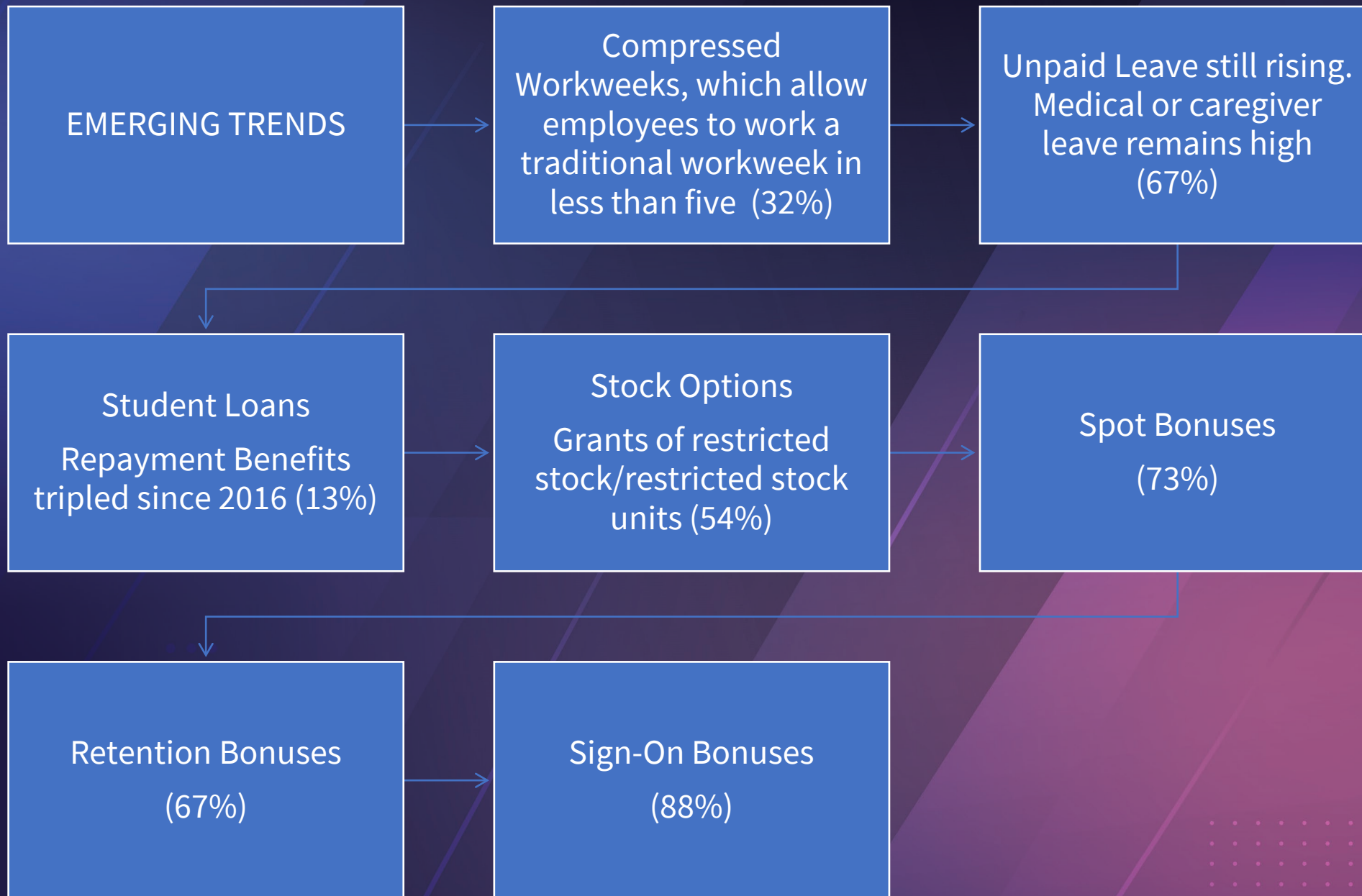


Financial coaching & advice

Source: Consumer Financial Protection Bureau. Financial Well-being: The Goal of Financial Education, 2015.

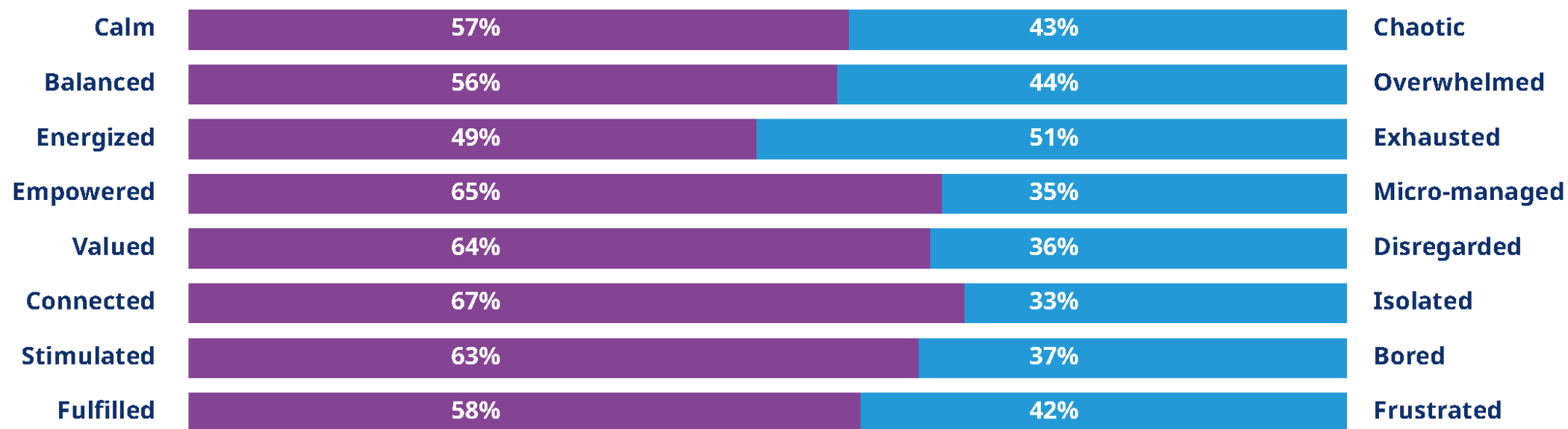
Factors that would drive talent to definitely take flight

- A. Toxic work environment / disrespect
- B. Bad management
- C. Change in remote/in-person working expectation after starting
- D. The role is not what was described during interviews
- E. Fewer hours/less work than promised
- F. An opportunity with a significantly greater pay rate becomes available.



Strategy to Measure Employee Sentiment

On a typical day at work, I feel...





SECTION 1: *The Top 3 HR Trends for 2024*



SECTION 2: *D. Hilton's Compensation Forecast*



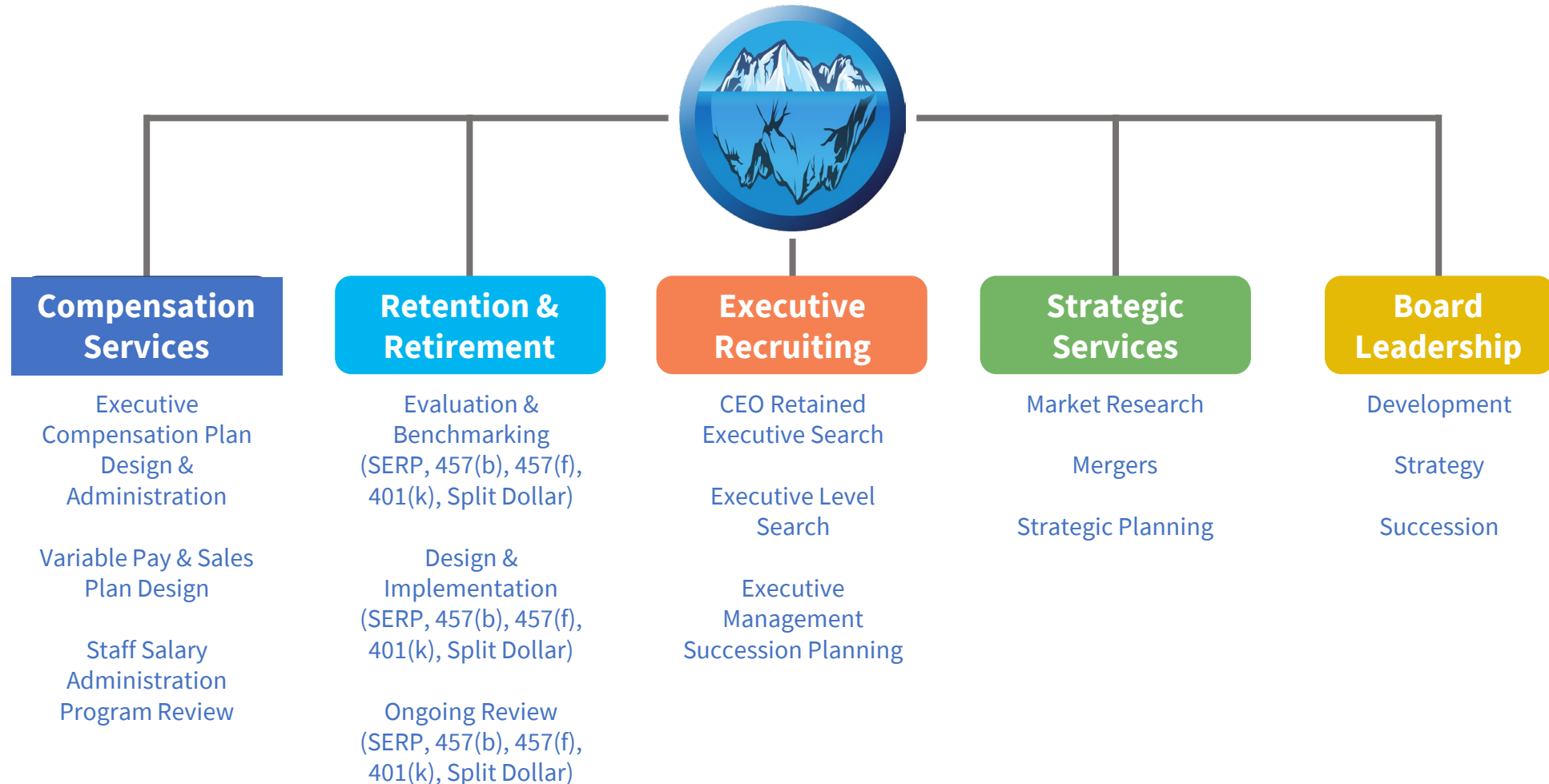
SECTION 3: *Rethinking Benefit Strategies*



SECTION 4: *About D. Hilton Associates*

About D. Hilton Associates

For more than 30 years, D. Hilton Associates, Inc. has been the leader in credit union executive recruiting and compensation advisory. The firm employs 35 full-time employees in five major practices.



The Leader in Credit Union Executive Recruiting & Compensation Advisory

Our commitment to clients is straightforward:

- ✓ You will have access to the best data from which to make decisions.
- ✓ You will make strategic business decisions, not compensation decisions.
- ✓ You will not let compensation become an emotional decision.

D. Hilton consultants are results-driven, independent that focus on custom solutions for our clients. We cherish our autonomy. We do not accept third-party endorsements, which allows us to be true thought leaders.

Should you, your fellow executives or your volunteers have any questions related to D. Hilton's services, please see our website at www.dhilton.com or contact **John Andrews at (800) 367-0433 ext. 124.**

- Experienced
(100+ Years)
- Results Driven
(No cookie cutter approaches)
- Independent
(No third-party endorsements)
- Industry Thought Leaders
(Fresh approaches on relevant topics)
- Collaborators
(Mutual understanding on outcomes)
- Total Comp Focus
(Pay for Performance Philosophy)
- Fixed-Fee Costs
(No surprises or hidden costs)
- Confidentiality
(Data is safe and sound)
- Agile
(Not afraid of change or uncertainty)



Contributors

John W. Andrews, CCP, CSCP,
SPHR, Executive Vice President

Jeff Rock, PHR
VP, Compensation Services

D. Hilton Associates, Inc.

9450 Grogan's Mill Road, Suite 200
The Woodlands, Texas 77380
www.dhilton.com