

## DIRECTIONS FOR ANNUAL MERIT INCREASE WORKSHEET

The merit increase worksheet has been set up so that you can easily add your employee information, and set recommended guidelines for increases based on several factors, including individual performance and where the incumbent pay is relative to their salary band range.

There are several different pages to fill out or copy your data into, however it is color coded to make it easy to use:

- Grey cells – contain formulas that will calculate based on the green cells
- Green Cells – where you need to enter your information
- White cells – there for your own use, but not necessary to ensure calculations work.
- Yellow cells – the places where the managers should enter their recommendations (if you will be distributing the file to several areas for review within your organization)

Below are instructions on how to fill out each page/tab:

**Salary Ranges page** – Here you can enter up to 20 of your salary bands or grades, and the associated minimum, midpoint and maximum per band.

**Merit Increase Matrix Key** – Here you will define recommended salary increases based on where they fall in relation to their salary midpoint and performance rating.

- Defining Above/ At / Below midpoint ranges – The file is set up to divide employees into 3 groups based on where their salary falls in relation to their salary band midpoint. You can determine at what percentage a salary is considered ‘Below’ or ‘Above’.
- Below is an example where any amount that is below 80% of the midpoint will be marked as ‘Below’ market and any amount above 120% will be marked ‘Above market’.
- You only need to enter the percentages in the green cells and the middle ‘Within Market’ percentages will populate.

	Below Market / Salary Mid	Within Market/ Salary Mid	Above Market/ Salary Mid
	Less Than:	Between:	Greater Than:
Select Ranges:	80%	81%                      119%	120%

- The 2<sup>nd</sup> chart on this page consists of the actual matrix where you will set recommended increases:

Rating	Below Market	Within Market	Above Market
1	0.00%	0.00%	0%
2	0.00%	0.00%	0%
3	0-1.5%	0-1.5%	0%
4	0-2.5%	0-2.5%	0-1.5%
5	3.50%	3.00%	0-2.5%
6	3.50%	3.25%	3.00%
7	3.75%	3.00%	3.50%
8	4.50%	3.75%	3.00%
9	4.50%	4.50%	3.75%

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- For the rating column – you can enter any type of numerical or alphabetical ratings that you use in your performance rating system. There is a place for up to 20 ratings.
- After you get your ratings entered, you then just determine what you would recommend for the increases based on the rating and where they fall at below, within, or above market/midpoints.
- This recommended increase percentage will appear as ‘HR Recommended Merit Increase’ in the main employee detail page, however managers will still need to enter their recommended increase amounts, using the HR recommendations as a guide.

**Ratings page** – All that you need to enter in this page is the employee ID and their performance rating. This will be used to link into the main employee detail page.

### Employee Detail page –

- Employee Data section – columns A-L – here you will paste the relevant employee details into the file. The columns highlighted green are the main things you’ll need to be sure to include:
  - Employee ID
  - Salary Band or Grade
  - Employee Salary or base pay
- Merit Increase section – this section is mostly formulas that will pull in data from the other tabs and calculate
  - Current compa-ratio
  - New compa-ratio
  - New salary falls below Min or above Max?
- Retro payment amount – If you will be including a retro payment for the increases, be sure to fill out the chart at the top of column AG:

Retro raise back to Jan 1
# of Paychecks per year:
24
# of paychecks to retro:
4

### What to do next:

- Different versions of the file can be saved, to compile and send to the heads of different areas within the company.
- Since the file will contain confidential salary range information, be cautious about how much salary band information is included based on who will be receiving and initially reviewing.
- The columns highlighted yellow are the ones that the managers or department heads should be filling out, to send back to HR to be compiled for final review.