

This template is set up for annual bonuses that are calculated based on both corporate performance and individual performance. There are several pages that are linked together, however everything follows this color-coding, so you can know where to enter your information:

Grey cells – contain the formulas or links

Green cells – where you'll need to enter data

White cells – there for your information but not vital to making all the links work.

Yellow – where managers would enter their recommended or proposed amounts, when the file is distributed in sections to different areas in the company.

There are several tabs/pages that are linked together to save you time:

Bonus Key page – This is where you'll fill out 3 main charts:

- 1.) Corporate Achievement – this is the percentage that represents the corporate/financial goals that have been met.
- 2.) Individual Performance Key – here you will list out all the possible performance ratings and assign a percentage to each one. A percentage of 100% will fund the individual bonus weight at their target payout. Depending on the organization's values and structure, you could add 0% for very low performance ratings, or allow 150% + for high-performance ratings.

Note that an individual performance rating that recommends a 0%, will still have a portion of the corporate performance calculated to receive a bonus. If there are certain qualifications that determine the incumbent not eligible for any part of the bonus, they should be removed from the file and/or changes to the formulas could be made or overwritten.

- 3.) Bonus weights based on grades or salary bands – This section contains a lot of information, which is all tied to your salary band or grade structure. For each salary band/grade, list out the –

- Bonus Target percentage
- Corporate performance weight
- Individual performance weight
- Level – is there for your own information if you want to describe the positions associated with each band.

Performance Ratings page – all you need in this page is the employee ID and the performance rating, which will link into the bonus detail page.

Bonus Detail page – This is where all the information comes together!

- In columns A – L: You will copy and paste all the employee information. The columns highlighted green are necessary for everything to calculate correctly:
 - o Employee ID
 - o Start Date (for proration calculations)
 - o Salary Band or Grade
 - o Current Salary (or actual earnings for nonexempt)
- The rest of the columns are mostly formulas that will pull in data from the other pages, and calculate the bonus.

Other notes~

Over / Under Budget pool – the budget pool is calculated based on the organization’s financial performance and assumes all individual performance is on-target. The bonus pool does NOT take into account individual performance ratings.

Prorations – If the bonus is to be prorated for new hires, be sure to include the date of hire and fill out the cells in Z9 – Z10 – to be the beginning of the year and end of year:

1/1/2017
12/31/2017
Months - length of Service

Here are some links to resources:

> How to use this template: Variable Compensation Plan, Salary Incentive Calculator

<https://www.youtube.com/watch?v=HdoqpELObS8>

> Bonus Program Basics - HR Tools for Bonus Plans, Bonus Program

Basics <https://www.youtube.com/watch?v=9-3gxDLsOk>

> Common questions with VC template - Excel for Human Resources, Employee Bonus System

<https://www.youtube.com/watch?v=znu-zRHtIHl>