

# Shifting from fixed raises to new mix



**SMALL BUSINESS**

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The days of hefty raises seem to have gone by the wayside. Instead, more companies are opting for a mix of modest raises and performance-based bonuses.

U.S. workers can expect a median salary increase of 3 percent this year — the same as the previous six years — and a projected 3 percent increase for 2017, according to a recently released report from The Conference Board.

While there could be multiple contributing factors for the stagnation, “we think that the main one is that companies have chosen to shift from the fixed costs of salary raises (which are difficult to revert, once granted) to rewarding employees through annual bonuses and other performance-based compensation,” explains Matteo Tonello, managing

director of corporate leadership at The Conference Board in Manhattan.

■ **More flexibility.** These alternative compensation vehicles offer more flexibility and don’t commit cash resources in advance and for the long term, he notes. They can be tailored to end-year performance and cash availability, and can be significantly reduced in the following year if a softening performance requires it.

In 2015, bonuses accounted for 12.9 percent of businesses’ total compensation and spending budgets, an increase from 7.5 percent in 1996, according to Norwalk, Connecticut-based management consulting firm Aon Hewitt.

■ **Combinations.** Of course, raises are not obsolete.

“It’s really not one versus the other,” says Preston Handler, an associate partner at Aon Hewitt. “They work together.”

Generally, he says, annual merit/salary increases reflect individual performance of core duties

that tend to be stable over time, while one-time bonus payouts reflect group and individual performance against a different set of objectives established each year.

“Each of the recessions has acted as a catalyst in shifting from merit/salary increases to variable pay,” such as incentives, bonuses and cash awards, says Handler.

Locally, more companies are doing a combination of both modest pay increases and performance-based initiatives, says Rick Maher, partner and CEO at Port Jefferson-based Effective HR Inc., an outsourced HR firm.

“What we find is business owners are struggling with employee engagement,” he notes. “Underneath that umbrella is how to compensate properly.”

■ **Options to cash.** More firms are conducting a compensation analysis of each position in their company and benchmarking it against competitors in the area, he says.

While cash is always appreci-

## FAST FACT

More than **90%** of companies offer many employees variable pay — such as incentives, bonuses and cash awards — in addition to merit increases.

**SOURCE:** Aon Hewitt

ated, the bonus doesn’t have to be cash, says Michael Maciekowich, national director of Manhattan-based Astron Solutions LLC, an HR consulting firm. For example, one client gives the top five outstanding performers a Caribbean cruise, he says.

■ **Hybrid programs.** Earlier this year, Westbury-based Spectronics Corp. started moving toward a hybrid compensation program that combines cost-of-living salary adjustments of usually be-

tween 3 percent and 5 percent, merit-based salary increases and performance-based bonuses, says president Jon Cooper.

The firm’s old model was strictly annual salary increases.

“The decision to move away from our old model came with the change in our workforce coinciding with the hiring of more millennials,” says Cooper. “We’re hoping that if we provide more benefits such as merit-based salary increases and performance-based bonuses, we’ll lead the market, attract the right talent and give our employees the opportunity to grow within our company.”

■ **Set criteria.** Keep in mind if you’re not giving the same bonus to each employee, you should develop some basic criteria as to how you came up with the bonus distribution, suggests Maciekowich.

“Figure out who the number one employee is and write their attributes and use that as your criteria,” he says.

## THE ISSUE: ANXIETY

# 3 tips to conquer your money fears

## MONEY FIX

BY SHERYL NANCE-NASH  
Special to Newsday

Are financial worries keeping you awake at night? You’re not alone.

The preliminary “Money Anxiety Index” for August stands at 59.8, which is the same as it was prior to the beginning of the Great Recession at the end of 2007. The index, developed by behavioral economist Dan Geller, measures the level of consumers’ financial worry and stress based on their spending and savings levels.

With political and economic uncertainty, it’s no wonder people are having palpitations. Here’s how to step back and avoid pushing the panic button.

■ **Focus on what you can control.** “You can’t control the performance of the markets or inflation, [so] concentrate on what you can

do, like how much you spend, save and invest,” says Laurie Samay, a certified financial planner with Palisades Hudson Financial Group in Scarsdale.

■ **Take action.** Nothing quiets fear like action. Have a written plan to get out of debt. “Pull your pay stubs that reflect a month’s take-home pay, and make sure that every dollar has a place. First go to the items that must be paid (rent, food, etc.), then pay down credit cards. With a written plan, you’re less inclined to make stupid purchases. You’ll sleep better knowing there’s a plan,” says Abby Eisenkraft, a chartered retirement planning counselor with Choice Tax Solutions in Manhattan.

■ **Go hard.** Get a gig at night or weekends. Play less. Says Eisenkraft, “You can’t go out with friends for dinner and drinks four nights a week. . . . Bring food for lunch. Get angry at your debt so you’re motivated to do something about it, instead of wringing your hands and losing sleep.”

# Self-driving taxis debut in Singapore

The Associated Press

SINGAPORE — The world’s first self-driving taxis are picking up passengers in Singapore.

Select members of the public began hailing free rides last week through their smartphones in taxis operated by nuTonomy, an autonomous vehicle software startup. While multiple companies, including Google and Volvo, have been testing self-driving cars on public roads for several years, nuTonomy says it is the first to offer rides to the public. It beat ride-hailing service Uber, which plans to offer rides in autonomous cars in Pittsburgh, by a few weeks.

The service is starting small — six cars now, growing to a dozen by the end of the year. The ultimate goal, say nuTonomy officials, is to have a fully self-driving taxi fleet in Singapore by 2018, which will help sharply cut the number of cars on Singapore’s congested roads. Eventually, the model could be adopted in cities around the world, nuTonomy says.

For now, the taxis are only running in a 2.5-square-mile



The first autonomous taxis are operated by nuTonomy, which aims to grow from six cars now to a full fleet by 2018.

business and residential district called “one-north,” and pick-ups and drop-offs are limited to specified locations. And riders must have an invitation from nuTonomy to use the service. The company says dozens have signed up for the launch, and it plans to expand that list to thousands of people within a few months.

The cars — modified Renault Zoe and Mitsubishi i-MiEV electrics — have a driver prepared to take back the wheel and a researcher who watches the car’s computers. Each car is fitted with six sets of Lidar — a detection sys-

tem that uses lasers to operate like radar — including one that constantly spins on the roof. There are also two cameras on the dashboard to scan for obstacles and detect changes in traffic lights.

Doug Parker, nuTonomy’s chief operating officer, said autonomous taxis could ultimately reduce the number of cars on Singapore’s roads from 900,000 to 300,000.

“When you are able to take that many cars off the road, it creates a lot of possibilities. You can create smaller roads, you can create much smaller car parks,” Parker said.