

peoplegoal

Compensation Policy



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Use this customizable PeopleGoal Compensation Policy template as an outline for your company's employment policies. The PeopleGoal Compensation Policy describes terms for workers' compensation, overtime compensation, and bonuses.



## Worker's compensation



Workers' compensation provides payment of medical expenses and partial payment of salary or wages in the event of a work-related accident or illness. Employees of [this company] are covered by workers' compensation insurance, which is funded by [the company]. If you are injured on the job, notify the [Human Resources Manager] as soon as possible. Failure to notify the [Human Resources Manager] of work-related accidents or injuries may result in a delay of workers' compensation benefits.

Each state has its own requirements regarding workers' compensation. The [Human Resources Manager] will work with you to determine the amount of benefits payable to you in accordance with the severity of your illness or injury, and in compliance with state regulations. Speak with the [Human Resources Manager] to learn more about workers' compensation benefits.

# Overtime Compensation

The federal minimum wage is \$7.25 per hour. Hourly employees of [this company] will receive [\$7.25 per hour], unless otherwise specified in the work contract. Covered non-exempt employees will receive overtime pay for hours worked over 40 hours per workweek, at a rate of [not less than one and one half times] the regular rate of pay. On holidays or weekends, the overtime rate increases to two times the employee's regular rate of pay.

Some employees are exempt from pay for overtime work. Exempt employees are not covered by the federal minimum wage because they are paid at least \$23,600 per year, they are paid a regular salary, and they perform exempt job duties such as administrative work. Although exempt employees are not entitled to overtime pay, exempt employees will have their overtime hours limited to [5 hours per week] as per company policy.

Employees who are unsure of their status as an exempt or non-exempt employee should contact the [Human Resources Manager].

Non-discretionary annual bonuses must be calculated as overtime pay. See Annual Bonuses for more information.



# Bonuses

Bonuses are available to all [full-time and hourly] employees if they have been employed by [the company] or contracted with [the company] for [two or more years]. The bonus policy may be changed at any time. If the bonus policy is changed, the [Human Resources Manager] will distribute the new policy [three months before] the new policy takes effect.

There are two types of bonuses: discretionary and non-discretionary. Discretionary bonuses, like performance-related bonuses, are not guaranteed by [this company]. Non-discretionary bonuses, like annual bonuses, are guaranteed by [this company].

In compliance with federal regulations, non-discretionary bonuses must be calculated as overtime pay. All bonuses are subject to local, state, and federal taxes.



## One-time Bonuses

[This company] will award a one-time bonus to 'exceptional' employees at the discretion of the [Department Manager]. 'Exceptional' employees perform additional duties, set positive examples for others, and regularly exceed company targets. To issue one-time bonuses [Department Managers] must refer a recommendation to the [Human Resources Manager], who will coordinate with the [Accounting Department].

The [Human Resources Manager] will confirm a one-time bonus in writing. [Department Managers] should not guarantee one-time bonuses to employees before receiving confirmation from the [Human Resource Manager].

For more information about one-time bonuses for exceptional employees, see the Performance Review section of the employee handbook.



# Annual Bonuses

Non-discretionary annual bonuses are given at the end of each year for all [full-time, salaried] employees. These year-end bonuses are only issued if [the company exceeds its financial targets each quarter, and if the Chief Financial Officer approves of the bonuses].

Annual bonuses are only granted to employees who [have been employed with the company for every quarter in a financial year, are employed by the company at the time the bonus is issued, have not submitted their resignation, and have not received negative performance reviews during any quarter in the financial year].

The year-end bonus is directly linked to the financial success of the department each employee works in. Employees of departments that did not meet financial targets will receive an annual bonus of [3%]. Employees of departments that met, but did not exceed financial targets, will receive an annual bonus of [5%]. Employees of departments that exceeded financial targets will receive an annual bonus of [10%].

For more information about annual bonuses for employees, see the Performance Review section of the employee handbook.





# Disclaimer



The PeopleGoal Policies are general templates and should only be used as a basis for company policies. Please take into account all local, state, and federal laws when drafting your company's final policies. This is not a legal document or a contract, and PeopleGoal will not assume any legal liability associated with the use of this document.



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Engage, Develop, Perform.

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