

Modernizing Total Rewards Programs to Attract, Retain Talent

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The labor market has shifted dramatically and, in many ways, is more competitive than ever.

Low unemployment and decreasing labor force participation has caused high vacancy rates and increased the time to fill open positions. It's also pressured employers to increase compensation and enhance their total rewards packages to keep up with changing employee expectations.

These market dynamics mean banks need to review their total rewards package. You may find your bank's people strategy, and current and future workforce, have evolved beyond the total rewards offerings. You might be investing in benefits and programs that aren't valuable to employees. **Here are three top total rewards trends to consider for your bank.**

Compensation

For most companies right now, compensation increases budgets that are already falling short due to rapidly rising inflation. Employers are frustrated that they are stretching budgets and profitability by spending more on wages, without necessarily seeing an increase in their ability to attract and retain. Employees are frustrated that their wage increases aren't keeping pace with inflation; their personal budgets are stretching, particularly at entry-level positions.

In addition, certain specialized and high demand jobs that can be performed remotely — especially in areas such as technology and cybersecurity — means banks are facing competition from local, national and international companies.

Here are ways to succeed in compensation:

- **Short-term incentive programs:** Are there ways to enhance your short-term or annual incentive programs? Currently, nearly 91% of employees receive some sort of variable pay, according to Willis Towers Watson's 2020 US Annual Incentive Plan Design Survey. Increasing the eligibility to additional groups can make the total compensation package more attractive and competitive, as long as it is clearly communicated and understood. Consider accelerating the payouts to semi-annually or quarterly, so employees receive the value more frequently than once a year.
- **Long-term incentive programs:** Traditional long-term incentive plans are simply a compensation arrangement with a delayed timing element. While simple to administer, they can lack flexibility that connects employees to the benefits, which creates true retention.

A nonqualified retention program, or sometimes called a SERP (supplemental employee retirement plan) offers the additional benefits of investment discretion, where employees may self-direct their unvested balances across a 401(k)-type menu of funds. SERPs also offer distribution and taxation discretion that allows employees to control the timing of the distribution of benefits. Employers can give employees the opportunity to re-defer their benefits, keeping them invested in a tax-deferred vehicle after they've vested. Additionally, a nonqualified program allows plan sponsors a great deal of flexibility when it comes to vesting schedules. Participants can customize schedules and contribution occurrences to fit the organization's objectives.

- **Compensation philosophy and communication:** Employees will develop their own opinions if you don't communicate with them directly about pay. In a world where it's easy for employees to gather salary information online, being clear and transparent about the compensation program is essential.

including how you review and determine pay rates and market competitiveness, can give your employees confidence that they will be treated fairly and equitably.

Learning, Growth and Development

The “Great Reshuffle” is leading employees to examine their purpose, work lives and future like never before. Learning and development are a key focus for some employees’ future growth and fulfillment. At the same time, companies are faced with the reality that a significant portions of their workforce may leave or retire in the next five to 10 years. Not surprisingly, according to LinkedIn’s [Workplace Learning Report](https://learning.linkedin.com/resources/workplace-learning-report) (<https://learning.linkedin.com/resources/workplace-learning-report>), the primary focus areas of learning and development programs in 2022 are:

- Leadership and management training.
- Upskilling and reskilling employees.
- Digital upskilling and digital transformation.
- Diversity, equity and inclusion.

With these core skills in mind, learning is becoming central to everyday work, and key to developing future talent. Employees who feel that their skills are not being put to good use in their current job are 10 times more likely to look for a new job than those who feel their skills are being put to good use, according to LinkedIn’s September 2021 [survey](https://economicgraph.linkedin.com/resources/linkedin-workforce-report-september-2021) (<https://economicgraph.linkedin.com/resources/linkedin-workforce-report-september-2021>).

Culture and Connection

Even the best total rewards package can’t make up for a toxic culture. It’s critical to focus on your people and provide opportunities to connect, collaborate and build relationships (whether in person or virtually). This will support your employee’s mental health while building connection with your organization, improving employee retention.

These three total rewards trends all share one thing: **It’s important to have leadership and manager support to truly see success.** Executives must also communicate early and often with employees in all of these areas, so they understand the true value of your bank’s offerings and have a positive and engaging employee experience. The right components of a total rewards package empowers banks to attract and retain high performing talent to drive performance to the next level.



Kurt Snyder, vice president of business development, enables organizations of all sizes to address challenges and implement executive benefits solutions that are designed with goals in mind, centering around executive/employee retention, benefits equalization and retirement completion. Combining and connecting NFP expertise and solutions with the right advisors is a process that allows Kurt’s experience and relationships with advisors to deliver tangible results for clients.



As Vice President, Total Rewards Practice, Megan advises clients on how to meet their organization’s goals through total rewards and compensation strategy. She builds and designs market competitive base and incentive pay structures throughout the organization, including prioritizing compensation as a key component of the employee value proposition.