

# Beyond Compensation, Group Benefits and Retirement: Modern Total Reward Strategy

36TH ANNUAL ISCEBS  
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## How Would You Characterize Your Knowledge of Total Rewards?

- I am a novice.
- I am strong in some components but struggle with the integration.
- I am strong on current integration but feel uneasy about the direction of total rewards.
- I am an expert in total rewards and feel confident I can adapt.

# Total Rewards Definition

“Total rewards” refers to the critical integration of an organization’s strategic approach to incenting and rewarding its talent.

Source: Deloitte

# Total Rewards Considerations

- Attraction
- Retention
- Motivation
- Focus
- Alignment



Ted Etyan, Flickr

# Traditional Total Rewards

- Salary or base compensation
- Variable/performance-based compensation
- Benefits
- Retirement arrangements



# Traditional Total Rewards Is About

- The spend
- The fit
- The flexibility

# Why is Getting Total Rewards Right So Difficult Today?

- It was always difficult
- Changing demographics
- Cost pressures of traditional components
- Options are increasing
- Turnover is higher
- Once established, difficult to change
- Push/pull of culture



# Demographics Influence Offerings

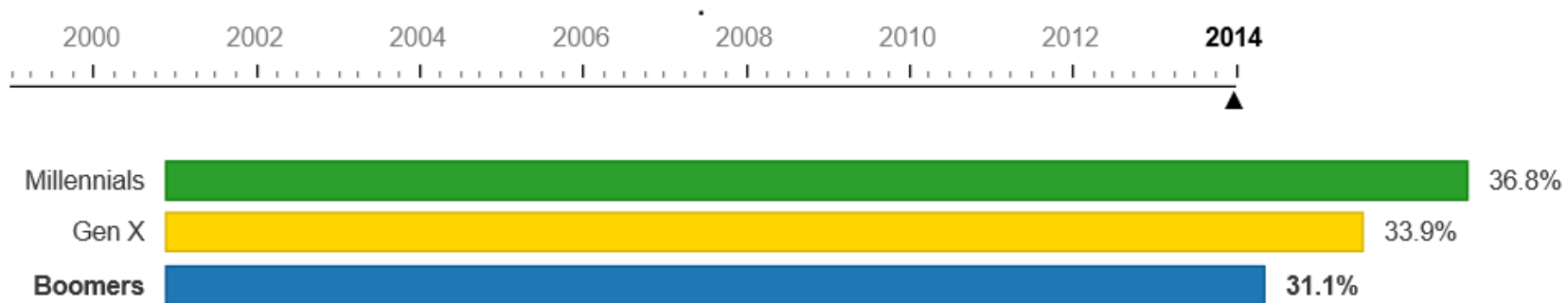
- Population
  - Canada: 36.6 million (2017)
  - U.S.: 326 million
- Median Age
  - Canada: 40.8 years
  - U.S.: 38.1
- Life expectancy at birth
  - Canada: 81.9 years
  - U.S.: 78.94 years



# Millennials Demand a Broad Offering

## Rise of the Millennial Workforce

Millennials have recently become the largest generation in the Canadian workforce. Drag the time slider below to see how the generation breakdown has shifted in the last 15 years.



# Diversity Influences Demands

## Canada—2011

- 20% of workers are foreign born; 63.4% of new arrivals live in Toronto, Vancouver or Montreal; 53.3% of newcomers live in Ontario
- Arrivals come primarily from Asia and Europe
- Visible minorities represent over 19% of the population

## U.S.—2010

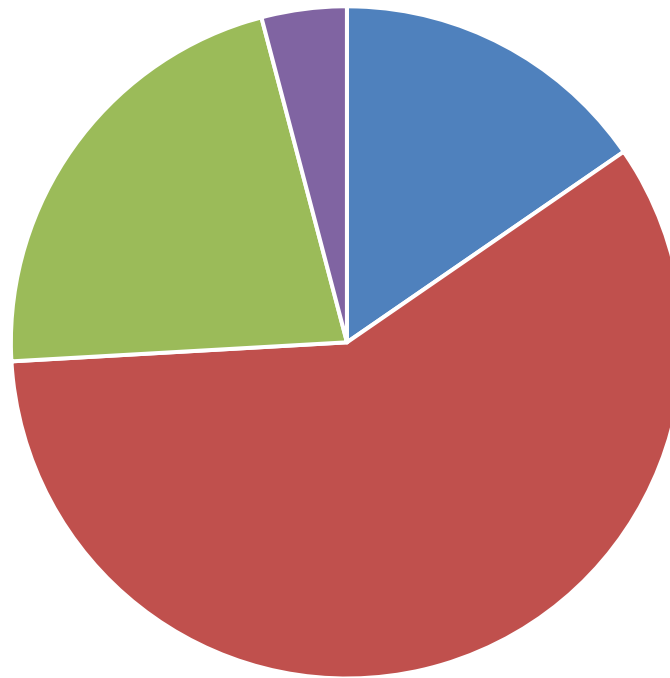
- 17% of workers are foreign born; 40% are located in California, with noted populations in Texas, New York and Florida
- Hispanic is the largest minority population at 16%
- Asian population is 5% of the population

# Benefits Pressure

- YOY double digit increases in some circumstances (Canadian experience)
- Employees demand more flexibility
  - or small/medium employers they can't get economies of scale in benefits
  - For plan sponsors, employee demand for flexibility is a Top 5 challenge that has increased from 2012 to 2017
  - 26% of employees at small employers say they'd jump ship for better benefits at a larger employer (Aflac)
- In some places benefits are not as tax effective a compensation delivery option as in the past

# Please Stay . . .

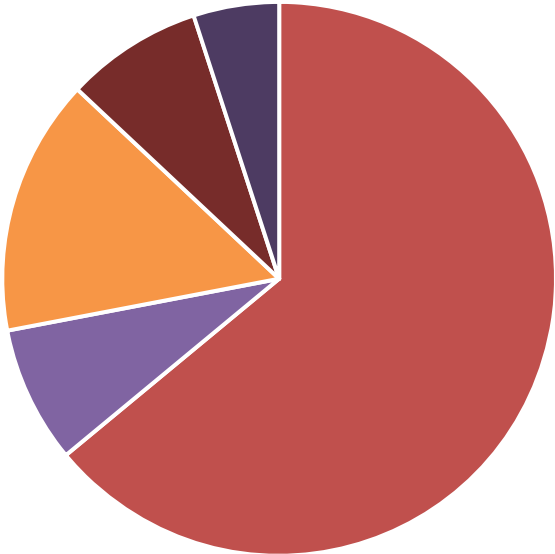
Attrition Worries



■ Junior (15.40%) ■ Mid Level to Management (58.7%) ■ Sr. Management to Director (21.8%) ■ Executive to C-Suite (4.1%)

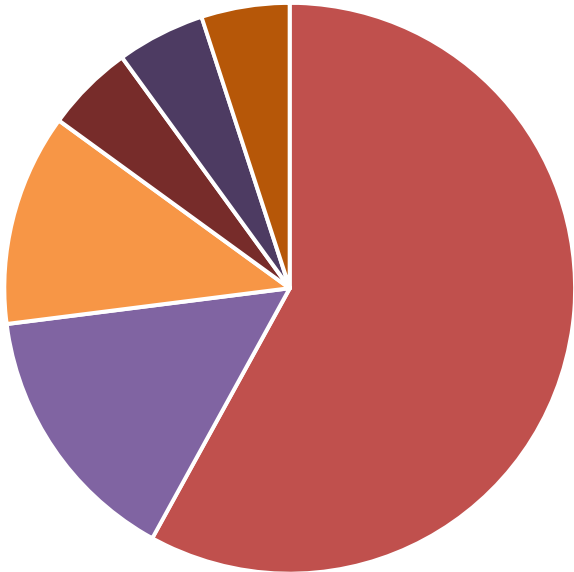
# Changing Composition of Total Rewards

Traditional Total Rewards



- Compensation
- Variable Compensation
- Benefits
- Retirement Arrangements
- Payroll Taxes

Modern Total Rewards



- Compensation
- Recognition
- Benefits
- Worklife Balance
- Development
- Payroll Taxes

# Modern Inventory of Total Rewards

## Your Total Rewards Inventory

To get a comprehensive view of your organization's value proposition, simply check off the rewards your organization currently provides.

Compensation	Benefits	Work-Life	Performance & Recognition	Development & Career Opportunities
<b>Base Wages</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Salary Pay</li> <li><input type="checkbox"/> Hourly Pay</li> <li><input type="checkbox"/> Piece Rate Pay</li> </ul> <b>Premium Pay</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Shift Differential Pay</li> <li><input type="checkbox"/> Weekend/Holiday Pay</li> <li><input type="checkbox"/> On-call Pay</li> <li><input type="checkbox"/> Call-In Pay</li> <li><input type="checkbox"/> Hazard Pay</li> <li><input type="checkbox"/> Bi-Lingual Pay</li> <li><input type="checkbox"/> Skill-Based Pay</li> </ul> <b>Variable Pay</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Commissions</li> <li><input type="checkbox"/> Team-Based Pay</li> <li><input type="checkbox"/> Bonus Programs                             <ul style="list-style-type: none"> <li><input type="checkbox"/> Referral Bonus</li> <li><input type="checkbox"/> Hiring Bonus</li> <li><input type="checkbox"/> Retention Bonus</li> <li><input type="checkbox"/> Project Completion Bonus</li> </ul> </li> <li><input type="checkbox"/> Incentive Pay                             <ul style="list-style-type: none"> <li>Short-term:                                     <ul style="list-style-type: none"> <li><input type="checkbox"/> Profit Sharing</li> <li><input type="checkbox"/> Individual Performance Based Incentives</li> </ul> </li> <li>Long-term:                                     <ul style="list-style-type: none"> <li><input type="checkbox"/> Restricted Stock</li> <li><input type="checkbox"/> Performance Shares</li> <li><input type="checkbox"/> Performance Units</li> <li><input type="checkbox"/> Stock Options/Grants</li> </ul> </li> </ul> </li> </ul>	<b>Legally Required/Mandated</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Unemployment Insurance</li> <li><input type="checkbox"/> Worker's Compensation Insurance</li> <li><input type="checkbox"/> Social Security Insurance</li> <li><input type="checkbox"/> Medicare</li> <li><input type="checkbox"/> State Disability Insurance (if applicable)</li> </ul> <b>Health &amp; Welfare</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Medical Plan</li> <li><input type="checkbox"/> Dental Plan</li> <li><input type="checkbox"/> Vision Plan</li> <li><input type="checkbox"/> Prescription Drug Plan</li> <li><input type="checkbox"/> Flexible Spending Accounts (FSAs)</li> <li><input type="checkbox"/> Health Reimbursement Accounts (HRAs)</li> <li><input type="checkbox"/> Health Savings Accounts (HSAs)</li> <li><input type="checkbox"/> Mental Health Plan</li> <li><input type="checkbox"/> Life Insurance</li> <li><input type="checkbox"/> Spouse/Dependent Life Insurance</li> <li><input type="checkbox"/> AD&amp;D Insurance</li> <li><input type="checkbox"/> Short-Term/Long-Term Disability Insurance</li> </ul> <b>Retirement</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Defined Benefit Plan</li> <li><input type="checkbox"/> Defined Contribution Plan</li> <li><input type="checkbox"/> Profit Sharing Plan</li> <li><input type="checkbox"/> Hybrid Plan</li> </ul> <b>Pay for Time Not Worked</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Vacation</li> <li><input type="checkbox"/> Holiday</li> <li><input type="checkbox"/> Sick Leave</li> <li><input type="checkbox"/> Bereavement Leave</li> <li><input type="checkbox"/> Leaves of Absence (Military, Personal Medical, Family Medical)</li> </ul>	<b>Workplace Flexibility/ Alternative Work Arrangements</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Flex-Time</li> <li><input type="checkbox"/> Telecommuting</li> <li><input type="checkbox"/> Alternative Work Sites</li> <li><input type="checkbox"/> Compressed Workweek</li> <li><input type="checkbox"/> Job Sharing</li> <li><input type="checkbox"/> Part-time Employment</li> <li><input type="checkbox"/> Seasonal Schedules</li> </ul> <b>Paid and Unpaid Time Off</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Maternity/Paternity Leave</li> <li><input type="checkbox"/> Adoption Leave</li> <li><input type="checkbox"/> Sabbaticals</li> </ul> <b>Health and Wellness</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Employee Assistance Programs</li> <li><input type="checkbox"/> On-site Fitness Facilities</li> <li><input type="checkbox"/> Discounted Fitness Club Rates</li> <li><input type="checkbox"/> Weight Management Programs</li> <li><input type="checkbox"/> Smoking Cessation Assistance</li> <li><input type="checkbox"/> On-Site Massages</li> <li><input type="checkbox"/> Stress Management Programs</li> <li><input type="checkbox"/> Voluntary Immunization Clinics</li> <li><input type="checkbox"/> Health Screenings</li> <li><input type="checkbox"/> Nutritional Counseling</li> <li><input type="checkbox"/> On-Site Nurse</li> <li><input type="checkbox"/> Business Travel Health Services</li> <li><input type="checkbox"/> Disability Management</li> <li><input type="checkbox"/> Return to Work Programs</li> <li><input type="checkbox"/> Reproductive Health/ Pregnancy Programs</li> <li><input type="checkbox"/> 24-Hour Nurse Line</li> <li><input type="checkbox"/> On-Site Work-Life Seminars (Stress-Reduction, Parenting, etc.)</li> <li><input type="checkbox"/> Health Advocate</li> </ul> <b>Community Involvement</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Community Volunteer Programs</li> <li><input type="checkbox"/> Matching Gift Programs</li> <li><input type="checkbox"/> Shared Leave Programs</li> <li><input type="checkbox"/> Disaster Relief Funds</li> <li><input type="checkbox"/> Sponsorships/Grants</li> <li><input type="checkbox"/> In-Kind Donations</li> </ul> <b>Caring for Dependents</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Dependent Care Reimbursement Accounts</li> <li><input type="checkbox"/> Dependent Care Travel-Related Expense Reimbursements</li> <li><input type="checkbox"/> Dependent Care Referral and Resource Services</li> <li><input type="checkbox"/> Dependent Care Discount Programs or Vouchers</li> <li><input type="checkbox"/> Emergency Dependent Care Services</li> <li><input type="checkbox"/> Childcare Subsidies</li> <li><input type="checkbox"/> On-site Caregiver Support Groups</li> <li><input type="checkbox"/> On-Site Dependent Care</li> <li><input type="checkbox"/> Adoption Assistance Services</li> <li><input type="checkbox"/> After-School Care Programs</li> <li><input type="checkbox"/> College/Scholarship Information</li> <li><input type="checkbox"/> Scholarships</li> <li><input type="checkbox"/> Privacy Rooms</li> <li><input type="checkbox"/> Summer Camps &amp; Activities</li> <li><input type="checkbox"/> Special Needs Childcare</li> <li><input type="checkbox"/> Disabled Adult Care</li> <li><input type="checkbox"/> Geriatric Counseling</li> <li><input type="checkbox"/> In-home Assessments for Eldercare</li> </ul> <b>Financial Support</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Financial Planning Services and Education</li> <li><input type="checkbox"/> Adoption Reimbursement</li> <li><input type="checkbox"/> Transit Subsidies</li> <li><input type="checkbox"/> 529 Plans</li> <li><input type="checkbox"/> Savings Bonds</li> </ul> <b>Voluntary Benefits</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Long Term Care</li> <li><input type="checkbox"/> Auto/Home Insurance</li> <li><input type="checkbox"/> Pet Insurance</li> <li><input type="checkbox"/> Legal Insurance</li> <li><input type="checkbox"/> Identity Theft Insurance</li> <li><input type="checkbox"/> Employee Discounts</li> <li><input type="checkbox"/> Concierge Services</li> <li><input type="checkbox"/> Parking</li> </ul> <b>Culture Change Initiatives</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Work Redesign</li> <li><input type="checkbox"/> Team Effectiveness</li> <li><input type="checkbox"/> Diversity/Inclusion Initiatives</li> <li><input type="checkbox"/> Women's Advancement Initiatives</li> <li><input type="checkbox"/> Work Environment Initiatives</li> <li><input type="checkbox"/> Multigenerational Initiatives</li> </ul>	<b>Performance</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> 1:1 Meetings</li> <li><input type="checkbox"/> Performance Reviews</li> <li><input type="checkbox"/> Project Completion/ Team Evaluations</li> <li><input type="checkbox"/> Performance Planning/ Goal Setting Sessions</li> </ul> <b>Recognition</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Service Awards</li> <li><input type="checkbox"/> Retirement Awards</li> <li><input type="checkbox"/> Peer Recognition Awards</li> <li><input type="checkbox"/> Spot Awards</li> <li><input type="checkbox"/> Managerial Recognition Programs</li> <li><input type="checkbox"/> Organization-wide Recognition Programs</li> <li><input type="checkbox"/> Exceeding Performance Awards</li> <li><input type="checkbox"/> Employee of the Month/ Year Awards</li> <li><input type="checkbox"/> Appreciation Luncheons, Outings, Formal Events</li> <li><input type="checkbox"/> Goal-Specific Awards (Quality, Efficiency, Cost-Savings, Productivity, Safety)</li> <li><input type="checkbox"/> Employee Suggestion Programs</li> </ul>	<b>Learning Opportunities</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Tuition Reimbursement</li> <li><input type="checkbox"/> Tuition Discounts</li> <li><input type="checkbox"/> Corporate Universities</li> <li><input type="checkbox"/> New Technology Training</li> <li><input type="checkbox"/> On-the-Job Learning</li> <li><input type="checkbox"/> Attendance at Outside Seminars and Conferences</li> <li><input type="checkbox"/> Access to Virtual Learning, Podcasts, Webinars</li> <li><input type="checkbox"/> Self-Development Tools</li> </ul> <b>Coaching/ Mentoring</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Leadership Training</li> <li><input type="checkbox"/> Exposure to Resident Experts</li> <li><input type="checkbox"/> Access to Information Networks</li> <li><input type="checkbox"/> Formal or Informal Mentoring Programs</li> </ul> <b>Advancement Opportunities</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Internships</li> <li><input type="checkbox"/> Apprenticeships</li> <li><input type="checkbox"/> Overseas Assignments</li> <li><input type="checkbox"/> Internal Job Postings</li> <li><input type="checkbox"/> Job Advancement/ Promotion</li> <li><input type="checkbox"/> Career Ladders and Pathways</li> <li><input type="checkbox"/> Succession Planning</li> <li><input type="checkbox"/> On/Off Ramps through Career Lifecycle</li> <li><input type="checkbox"/> Job Rotations</li> </ul>



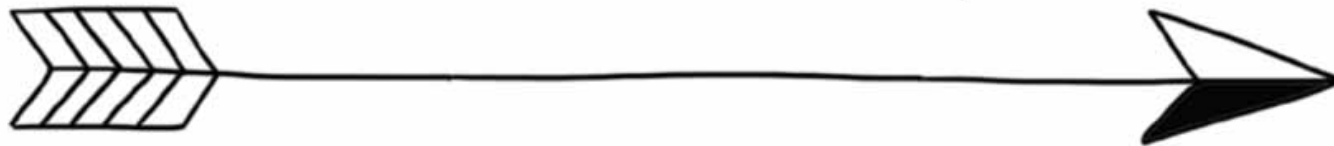
# Ever-Growing Variety

	Overall Prevalence		Prevalence by Organization Size (Number of Employees)				
	n	%	1 to 499	500 to 2,499	2,500 to 9,999	10,000 to 39,999	40,000 or more
<b>RECOGNITION</b>			<b>(n=115)</b>	<b>(n=190)</b>	<b>(n=175)</b>	<b>(n=116)</b>	<b>(n=42)</b>
Length-of-service awards	679	81%	71%	81%	84%	91%	81%
Retirement awards	656	44%	39%	45%	45%	46%	38%
Peer-to-peer awards	671	40%	35%	39%	38%	47%	48%
Above-and-beyond performance awards	673	55%	48%	57%	60%	52%	62%
Employee of the month/year awards	672	23%	11%	23%	23%	28%	29%
Appreciation luncheons, outings, formal events	682	76%	85%	79%	71%	73%	86%
Goal-specific awards (quality, efficiency, cost savings, productivity, safety)	666	35%	28%	33%	36%	40%	48%
Suggestion/idea programs	665	39%	36%	38%	37%	41%	45%
Major family event celebration (e.g., birth, wedding)	660	31%	52%	31%	22%	25%	29%
<b>DEVELOPMENT OPPORTUNITIES</b>			<b>(n=119)</b>	<b>(n=195)</b>	<b>(n=182)</b>	<b>(n=120)</b>	<b>(n=44)</b>
Internal job postings	687	96%	92%	95%	96%	98%	96%
Promotions	692	98%	97%	99%	100%	99%	98%
Tuition reimbursements	689	87%	77%	86%	91%	92%	84%
Tuition discounts	668	20%	12%	13%	23%	23%	27%
Internships	682	83%	72%	79%	82%	93%	91%
Apprenticeships	647	24%	13%	21%	24%	30%	25%
Career ladders or pathways	670	69%	50%	60%	73%	78%	91%
Succession planning	665	74%	59%	64%	75%	83%	86%
Job rotations	657	37%	22%	20%	40%	55%	59%
Informal coaching/mentoring	671	84%	82%	77%	80%	87%	89%
Formal coaching/mentoring	656	50%	42%	43%	48%	54%	68%
Leadership training	681	84%	64%	82%	84%	93%	96%
Outside seminars and conferences	685	96%	98%	92%	95%	97%	91%
Classroom learning, virtual learning, podcasts, webinars	685	92%	90%	89%	92%	94%	96%

# And Function Disruption

INNOVATION

DISRUPTION



DOING THE SAME  
THINGS A BIT  
BETTER

DOING NEW  
THINGS

MAKING THINGS THAT  
MAKE THE OLD THINGS  
OBSOLETE

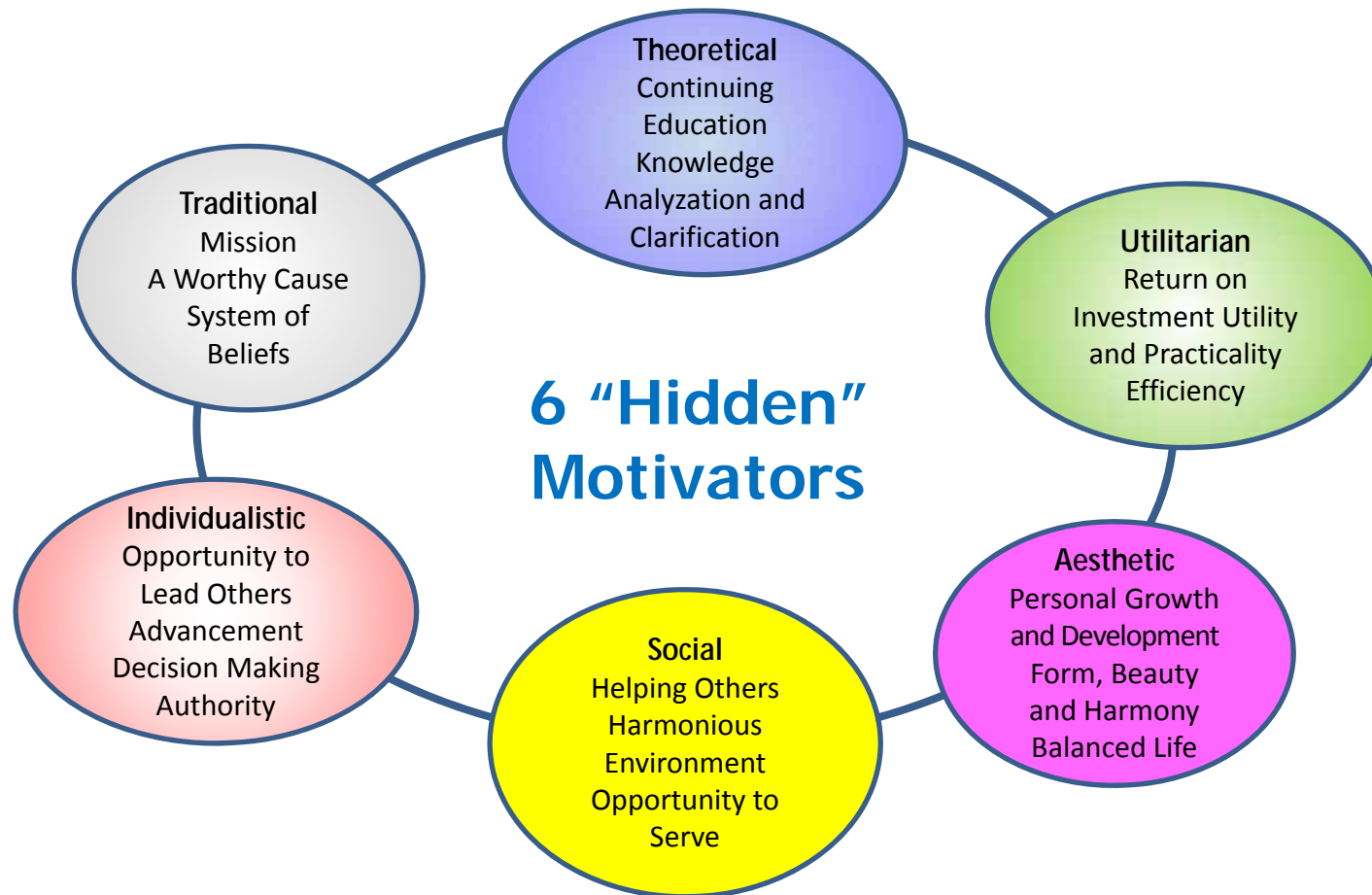
Source: Leyla Acaroglu



# How Did We Get Here?

- Employee demand
- Need for ROI
- Improved analytics
- Adaptable technology

# The Hidden Motivators



# Where Are We Going?

- Stressed budgets
- Continued demographic shifts/changing expectations
- Even more “stuff” available
- Gamification
- Improved information; credible compensation data is no longer a secret
- Global approach
- We want it all

**Total Rewards has to respond!**

# Modern Conversation

- Internal/external competitiveness
- Differing views on how best to deliver variable
- Difficult to determine best placement of benefits, not very flexible and may need to change

# Value of Total Rewards

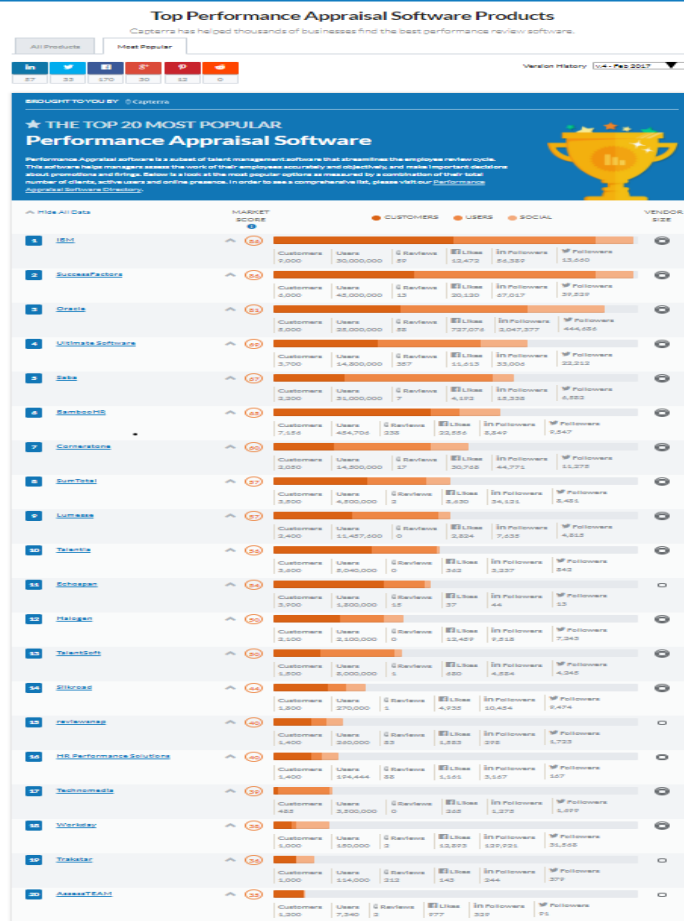
High-performing companies are twice as likely as others to declare total rewards an area of focus, and experience a stronger return on their investment in their employees.

Source: Aon Hewitt's 2012 Total Rewards Survey

# Modern Recognition and Rewards

- Software
- In the moment
- Culture of coaching
- Decentralization

# The Changing Face of Employee Data Management Software



- More HRMS approaches that do “everything” (for \$)
- More specialized competing products (more narrow)
- New categories of products every day

# A Total Rewards Practice Not at Every Company

- 1:1,200

Organization Size, All Respondents	N	Percent
Less than 100 employees	243	6.6%
100-499	380	10.3%
500-999	270	7.3%
1,000-2,499	519	14.0%
2,500-4,999	479	12.9%
5,000-9,999	500	13.5%
10,000-19,999	395	10.7%
20,000-49,999	444	12.0%
50,000-74,999	179	4.8%
75,000-99,999	52	1.4%
100,000-499,999	224	6.0%
500,000 or more	22	0.6%
Total	3,707	100%



# The Lamenting Total Rewards Professional

"I can't compete with Google for talent"

"I don't compete with Google for talent"

# Focus on Future

“Big ideas always start with questioning what we think we know.”

Peter Sheahan, author of [\*Matter: Move Beyond the Competition, Create More Value, and Become the Obvious Choice\*](#)

## Six Megatrends Which Influence Total Rewards

1. Continuous conversations and feedback
2. Crowdsourced reward and pay
3. Team engagement
4. Individualization
5. The new role of a coach
6. HR as culture facilitator

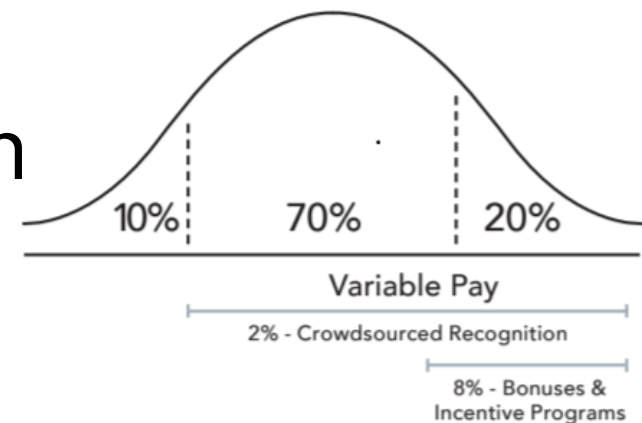
Source: Globoforce

# Continuous Conversations and Feedback

- Role of Leader as coach
- Ability to track conversations and outcomes
- Recognize good work regularly and often
- Reduce the time horizon between effort and outcomes

# Crowdsourced Reward and Pay

- What is this????
- Decentralization of some or part of the reward decision-making
- This changes a lot about the role of the Total Rewards Professional
- Tying reward to recognition



# Team Engagement

- Building culture where teamwork is encouraged
  - Adding social to work
  - Adding/encouraging interaction
- Including strategies to enable teams to perform
- Give the teams tools to support their members

# Individualization

- Giving employees tools to track their own growth
- Help them to see the opportunities within the business
- Create incentives to “take the time”

# The New Role of a Coach

- Movement away from management
- Development of coaches
- Coaching culture



# HR as Culture Facilitator

- Getting beyond traditional practice
- Putting employee experience at the centre
- Driving innovation through connection

## How This Changes the Role of Total Rewards

- Changing decision processes
- More focus on ROI investments from an engagement perspective
- Real competition for resources when you can't have everything
- Total Rewards Professional as a Project Manager

# Beyond the Spreadsheets

Our analytics will change:

- Feel the sea
- Use real-time data
- Seek data we haven't even thought of yet

# Conclusion

- Your career is changing!
  - Lead into the currently unknown
  - Product Implementation Ninja
  - ROI Monitoring
- So get comfortable with change!

# Questions

Thank you!